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DIRECTORATE OF DISTANCE EDUCATION

MARKETING MANAGEMENT

P.G. DIPLOMA COURSE

Paper - 1

PRINCIPLES OF MARKETING

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P.G. DIPLOMA IN MARKETING MANAGEMENT

Principles of Marketing

SYLLABUS

Paper - 1

Introduction to marketing management - Marketing management philosophies - Broader applications of marketing.

The marketing management process - Strategies planning - Marketing Research and Marketing Information Systems.

Marketing environmental analysis - Consumer markets and buyer behaviour - Industrial markets any buyer behaviour.

Measuring and forecasting the firm and industrial demand - Market segmentation - Territory and positioning.

Managing products, product lines and brands, new product planning and development - Major pricing strategies - Setting prices - Channel management - Retailing and Wholesaling - Physical distribution management - Promotion strategy - Advertising - Personal selling, sales promotion and publicity, managing the sales force.

Scheme of Lessons

Lesson No.

1. Marketing Management and philosophies

2. Broader Applications of Marketing and Management Process

3. Marketing Research

4. Marketing Information System (MIS)

5. Marketing Environmental Analysis

6. Measuring and Forecasting the firm and industrial Demand

7. Managing Products

8. Product Planning and Development

9. Pricing Strategies and Setting prices

10. Channel Management and Physical Distribution Management

11. Promotion Strategy

12. Personal Selling and Managing Sales Force

BOOKS FOR STUDY :

Sl. No.	Title	Author
1.	Principles and Practice of Marketing	- C. B. Memoria - R. L. Joshi
2.	Principles of Marketing and Salesmanship	- J. C. Sinha
3.	Marketing (A Managerial Introduction)	- J C Gandhi
4.	Marketing Management	- S. A. Sherlekar
5.	Modern Marketing Management (in the Indian Context)	- R. S. Davar
6.	Managing Co-operative Marketing	G. S. Kamat
7.	Marketing for Non-profit Organisations	- Kotler
8.	Marketing Research	- Beri
9.	Modern Marketing Research	- Kulkarni - Pradhan - Patil
10.	Element of Marketing Management	- Pradeep Kumar

BOOKS FOR REFERENCES :

1.	Principles of Marketing	- Kotler
2.	Fundamentals of Marketing	- WilliamJ. Stanton
3.	Marketing Research	- David J. Luck

4. Marketing - Research An Applied Approach - Thomas C. Kinner

- James R. Taylor

5. Marketing Research - Theory and Practice - V. V. Bellur

6. Marketing Management - C. B. Mamoria

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7. Marketing and Sales Management - Acharya

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JOURNALS :

1. Indian Journal of Marketing
2. Economic Times
3. Commerce

MARKETING MANAGEMENT AND PHILOSOPHIES

It is essential to every business concern to ascertain the consumer needs. The indepth study of the taste, temperament, fashion, culture of the consumers at large make the product strategies highly sensitive, pro-active and profitable. The consumers get products which suit their pockets and the producers find profitable area of investments. All these are carried out through marketing management.

Marketing management is a process in which we find planning, organizing, controlling, directing and evaluating the efforts of the general masses with a common goal of satisfying the consumer and maximising the profits.

Authorities of the marketing management

A good number of exports have gone through the problem of marketing management. The noted experts are Philip Kotler, Still and Cundiff, Pride and Ferral and Drucker. In addition, a few Indian experts have also studied the management. In the following passages, we find view points of different experts.

"Marketing management is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target audiences for the purpose of mutual or personal gain. It relies heavily on the adaptation and co-ordination or product, price, promotion and place of achieving effective responses"

- Philip Kotler

In the eyes of Still and Cundiff. "Marketing management is concerned with the diraction of purposeful activities towards the attainment of marketing goals .... It directs purposeful activities consciously planned, organised co-ordinated and controlled. Managerial effort in marketing is goal-directed i.e. knows where it is going.''

The view expressed by the experts Pride and Ferrel is that. Marketing management is the process of planning, organizing, implementing and controlling marketing activities in order to effectively and efficiently facilitate and expedite changes. The effectiveness and efficiency dimensions are two important components.''

Mr.P.Drucker. a well known management authority. feels that marketing is not merely a function of a enterprise. but it is the business and it is synonymous with the whole business unit or a view of the entire business as the economic organ to provide goods and services. His emphasis was on the satisfaction element.

If we analyse the view points of Philip kotler, Still and Cundiff, and pride and Ferrel, We find similarities at different level. They all have given much emphasis to principles of management viz., planning, organizing coordinating and controlling From this we can know marketing, management is directly in charge of, setting the objects of marketing, developing marketing plan for their accomplishment. organising the marketing, programmes and controlling them as per the needs.

In India, in view of our limited resources, we have to become productivitiy-conscious. An appropriate definition given by R.S.Davar from the angle of productivity and in the Indian context to define the marketing management is as "the process of ascertaining consumer needs, converting them into products or service and then moving then product or service to the final consumer or user to satisfy such needs

and wants of specific consumer segment or segments with emphasis on profitability ensuring optimum use of the resources available to the organisation."

Apart from consumer-orientation, this definition emphasises two important aspects, namely (1) Profitability and (2) the optimum use of available resources.

By combining views of Foreign experts and Indian experts, marketing management is defined as.

"The process of ascertaining consumer needs, working up through product planning, organizing, directing, controlling and evaluating the efforts of the group of people towards a common goal, with emphasis on profitability with an optimum use of available resources".

-C.B.Mamoria

Responsibilities of Marketing Management

Marketing management has to fulfil the following responsibilities in particular.

1. Sales and market analysis.
2. Determination of marketing goals.
3. Sales forecasting and marketing budget.
4. Formulation, of marketing strategies, policies and procedures.
5. Evolving an appropriate marketing mix or programme.

6. Organising of all marketing activities and instruments included in the marketing programmes. It may be organised (a) product-wise (b) area-wise or customer-wise.

7. Assembling of necessary resources such as personnel, finance and physical facilities etc.

8. Active participation in the product planning and developments to establish best correlation between the product attributes and customer demands.

9. Management of distribution channels and physical distribution.

10. Effective communication, proper control and co-ordination of all marketing functions.

11. Post-sales services during warranty period.

Effectiveness of Marketing Management

Marketing management has to assure the marketing effectiveness depends on a combination of five activities.

1. Customer philosophy : Management accepts the importance of the market place and of unsatisfied and potential customer needs and wants in formulating company plans and shaping company operations around customers.

2. Integrated marketing organisation : An organisation has the staff to carry out marketing analysis planning implementation and control effectively.

Methods Based on Actual Cost

(a) First-in-First Out (FIFI) :

Under this method, materials received first are issued first. After the first lot of the material purchased is over, the next lot is taken up for issue. As such, the materials are issued in the order in which they are received in the stores. The pricing of the issue of the first lot is done at the rate of purchases of the first lot. Similarly, the pricing pattern follows for the subsequent lots. The closing stock in this method is valued at the latest purchase price and thus it represents the current conditions as far as possible.

This method is considered more suitable in times when the prices show the falling trend.

Merits

1. It is simple to operate.
2. The materials are charged at coasts only. The purchase price is recovered in full without showing any profit or loss on issue.
3. This method is good where (a) the prices are falling, (b) the consumption rate of material is slow.

The closing stock is shown at current rates.

Demerits

1. It is not suitable in the situation when the prices show a rising trend and it will charge the material at the lower rate than the replacement rate.
2. The same type of material issues to two jobs at two different prices will show different costs.

3. If the Prices fluctuate too much, the clencal errors may be many
Illustrations.

Receipts	Rs.	Issues	Rs.
March 1-100 Kg		March 8-50 Kgs	
(a) Re. 1 per kg.	100-00	Re. 1 per kg.	50-00
March 10-300 kgs.		March 18-200 kgs	
(a) Re. 0-75 per kg.	225-00	(50 Kg. (a) Re.1	50-00
		per kg. and	
		150kgs (a) Re.	0-75
		per kg.	112-50
		250 Kg. issues	212-50
		Balance 150 Kgs	
		(a) Re. 0.75 per kg.	112-00
400kgs.	325-00	450 kgs	325-00

2. Last-In-First Out (LIFO)

The method is commonly known as LIFO and it is based on the assumption that the last items purchased and received in store are to be issed first. The price of the materials to be issued would base cost price of the last lot of materlasl purchased. While the method ensures, that the materials are issued at the most recent prices, the more mstoric prices are applied for valuing the closing inventories in the Balance Sheet.

This method is of most recent origin comparativery as it was Intro duced in U.S.A. during the last War.

Merits

1. The material cost represents current prices except when the purchases were made long ago.

2. It is simple to operate and the pricing is done on cost basis.

3. It relates current cost to current sale price, and enables the management to make correct decisions.

4. It is more useful when purchases are not too many and the price, are either steady or are rising. It is more suitable for bulky materials high unit prices.

Demerits

1. With high fluctuations in rates, the calculations become more complicated and give way to more clerical errors.

2. The work of pricing is help up if the latest receipt rate is not readily available.

3. As in LIFO cost of different batches of production are distorted and more than one price is adopted, in some cases, for princing a single requistion.

4. Closing stock is valued at a cost which does not represent current condition.

Illustration 2

Date	Receipts	Amount	Date	Issues	Amount
April 1	100 units @ Re. 1/- each	100-00	April 3	50 Units @ Re. 1/- each	50-00
April 19	300 units @ Re. 0-75 each	225-00	Apr. 24	300 Units @ Re. 0-75 each	225-00
			Apr. 30	Balance 50 units @ Re. 1/-	50-00
	400 units	325-00		400 units	325-00

3. Highest-In First Out (HIFO)

Under this method the material received at the highest price in the stock is issued first. This method, is good when it is desired to keep the inventory value of the material at the lowest possible price.

4. Specific Indentification Method

When materials are purchased for a particular order or job they should be charged to that particular job at their actual cost. This method is best suited for job order industries which carry out individual jobs or contents against specific orders. This method can be applied only where materials used can be specifically identified with a particular order.

This method is good in cases (i) Where job costing is applied; and (ii) if the prices remain fairly stable. The greatest advantage of this method is that the material cost represents actual and correct cost.

5. Base Stock Price Method

In this method a minimum quantity of stock is always held at a fixed price as reserve in the stock. This minimum stock is known as base stock or the sefety stock and is not used unless an emergency arises. This stock is valued at long run normal price, while the stock in excess of this stock is priced on some other basis, usually the FIFO or LIFO basis.

It is not an independent method in itself as it is conjoined with either FIFO or the LIFO method, where the current prices are to be applied to the issues made, this method is generally applied with LIFO method.

i) This method is usually in industries where the raw materials used are basic and homogeneous

ii) The finished product is made of basic raw materials like non-ferrors metal; hides, crude oil, etc., and

iii) The work of processing takes a long time and it is desired to maintain a base stock.

It is, therefore, suitable for industries like melting, tanning and oil refining.

Illustration 3

Date	Receipts (Qty - Kgs)	Rate	Date	Issues (Qty - Kgs)
Jan. 1	2000	8	Jan. 6	600
10	500	10	12	600
15	400	9	18	1200
22	300	12	25	500

Assume that the basic stock is 200 Kgs valued at Rs. 8 Per Kg. and the FIFO method is in application. Show the issues and the balance to stock after issue.

Solution

Date	Issue Price (Qty - Kgs)	Rate (Rs.)	Arobismb (Rs.)	Balance of stock (Qty Kgs	Rate (Rs.)
Jan 6	600	8	4830	1400	8
12	600	8	4800	800	8
18	600	8	4800	500	
	500	10	5000	200	8
	100	9	900	300	9
25	300	9	2700	200	8
	200	12	2400	100	12

Method is based on average cost

a) Simple Average Price

According to IMCA Simple Average Price means, "A price which is calculated dividing the total of the prices of the materials in the stock from which the material to be priced could be drawn by the number of prices used in that total"

Suppose the following are the four different lots of material in stock when the material is to be issued on a requisition slip.

500 units purchased @ Rs. 6-00 per unit

1000 units purchased @ Rs. 6-50 per unit

2000 units purchased @ Rs. 7-50 per unit

4000 units purchased @ Rs. 8-00 per unit

The sinple average price for the issue of materials will be worked out as follows.

$$\frac{\text{Rs } 6\text{-}00 + 6\text{-}50 + 7\text{-}50 + 8\text{-}00}{4}$$

$$= \frac{28}{4} = \text{Rs. } 7\text{-}00 \text{ per unit}$$

This method is suitable where there is uniformity in the lots purchased and the price fluctuations are vert minor.

b) Weighted Average Price

According to the ICMA it is, a price which is calculated by dividing the total cost of materials in the stock from which the materials to be priced could be drawn by the total quantity of materials in the stock". The weighted average price in the above illustration would be Rs. 7-53 per unit calculated as below.

$$\frac{500 \times 6\text{-}00 + 1000 \times 9\text{-}50 + 2000 \times 7\text{-}50 + 4000 \times 8\text{-}00}{500 + 1000 + 2000 + 4000}$$

$$\frac{56500}{7500}$$

$$= \text{Rs. } 7\text{-}53 \text{ per unit.}$$

Merits

1. This method irons out the wide fluctuations in the prices.
2. With every new issue, a new is not calculated.

3. The total value of the material issued does not behave up and down to the total value of material received, as is the case with Simple Average Method.

Demerits

1. Calculation are tedious, Prices are worked out in decimals to get correct results.

2. A lot of material purchased at a vary high price at one time continues to reflecs its effect in the average, for a considerable time after it is exhausted.

B. Methods Based on Sales Price

Inventories may be valued at figures other than cost. For instance they may be valued at market or sale prices. They are (1) Current Selling Price, (2) Net Realisable Value (3) Discounted Futures Cash Receipts.

1. Current Selling Price : This method is followed in the cant of precious metals because of the pressure of a government controlled market and price for them.

2. Net Realisable Value : It is the estimated selling price in the ordinary course of business less costs of completion and less costs necessarily to be incurred in order to make the sale.

3. Discounated Future Cash Receipt : This method is helpful when goods are produced under term contracts or held for future deliveries. In these cases the timings of the receipts are known and therefore they can be discounted at a suitable interest rate to arrive at their present value. Such a discounted value of the receivables can safely be taken as the value of the inventory.

C. *Valuation of Inventories at Lower of Cost or Market Value :*

After determining the historical cost by using the applicable cost formula like FIFO or LIFO or Weighted Average Methods such cost must be reduced to market values. This is because all current assets are generally to be valued at realisible values. But then there is also the accounting principle of conservatism. It takes into consideration all prospective losses but leaves all prospective profits. On this basis Inventories are valued at market price if they are lower than cost and when it is then more cost, then the inventory would be valued at cost only.

The objectives of social marketing concept is to search for better products, contribute for the creation of satisfied customers.

Qualifications of marketing manager

A Marketing manager must posses the following qualifications.

a) Ability to organise, plan and co-ordinate the entire marketing activ ity on a profit - minded, business - like basis i.e., he should be pos sessed of thinking power.

b) He should have a decision making ability i.e., decisivensess' and a good judgement in marketing matters.

c) He should posses team work spirit to co-operate with other individuals and departments within the company.

d) He should have the quality of leadership i.e., he should be capable of staffing the marketing department with able people, good organisation and delegration in managing the department, and the maintenance of enthusiasm.

e) He should have working familiarity with both manufacturing and research procedures.

f) He should posses sufficient knowledge of finanace and accounting be able to judge merger and acquisition possibilities intelligently.

g) He should have the ability to set up and carry out long range plans for new products.

Marketing manager's responsibility

The increasing marketing responsibilities and growing complexity of the marketing functions have increased the status of marketing executive. Thus his position is gaining importance. He is responsible to implement the following functions.

1. To find out marketing opportunities.
2. To improve marketing plans, procedure, etc.
3. To develop new innovations in product and market.
4. To develop sales force.
5. To have constant touch with the market.
6. To avail of resources to be utilised effectively.
7. To intreprel the market situations.
8. To adopt the most profitable and desirable channels of distribution.
9. To suspervise and control the various departments under him.
10. To develop the existing market.
11. To review marketing programmes for improvement.

12. To control the marketing costs.

13. To exercise effecise account to advertising.

14. To forecast effectively and profitably.

15. To adopt sound price policy for competing market, in consultatior with other top members.

16. To keep sufficient inventory to meet demand.

17. To maintain good relation with customers, consumers, etc.

18. To create good inter - relationship with the firm.

19. To facilitate growth and diversification of products.

20. To evaluate the effectiveness of management performance.

BROADER APPLICATIONS OF MARKETING AND MANAGEMENT PROCESS

The concept of marketing is applicable not only in manufacturing or trading concern, (which produce/purchase and sell the various types of goods) and also in various spheres of economic activities. They are : Agriculture, Banking, Industry, Co-operative sector and Non-Profit organisation.

Application of marketing in agriculture goods

Agriculture marketing is one of the mainfold problems which have direct bearing upon the prosperity of the cultivator. Agricultural marketing, in its widestsence, comprise all the operations involved in the movement of good and raw materials from the field consumer. It includes the handling of product at the farm, initial processing grading and packaging in order to maintain and enhance the quality and avoid wastage.

Structure and type of agricultural market

Markets for agricultural commodities may be broadly classified as village markets, primary markets and terminal markets.

Village markets : Each village has a market. These generally assemble once or twice a week. The days on which these markets met are fixed so that in inernant trader can visit the area. Most of the transactions in these markets involve small quantities. It is very poorly

equipped. Most of them are not having storage and drainage facilities and roads linking to towns are poor.

Primary markets : This type of markets are held at fixed place and daily transact a large volume of commodities. Most of these are situated in district or taluk head-quarters. These are better equipped with various facilities. They are popularly known as mandi.

Terminal markets : These markets are generally situated in large urban centres where part of the produce is sold for local consumption and the rest is forwarded to other consuming centres. Here, transactions take place mainly among trades. They are better equipped with adequate modern storage and communication facilities.

Processing of agricultural produce

After a crop is harvested and before it reaches the consumer, it is subjected to one or more forms of processing. If differs for different crops and for different use and preference on the part of the consumers.

Marketing channels : The usual channel for marketing of agricultural produce consists of the following :

a) Producer - consumer channel : The consumers purchase directly from the producers in the village.

b) Producer - village shopkeeper - retailer - consumer channel : Producer sell part of their produce to village merchants in exchange for household requirements Village merchants resell it at nearly periodic market.

c) Producer - itinerant merchant - wholesaler - consumer channel : The itinerant merchants purchase directly from the producer at the floor in small lot, at a price which is close to the primary market price excluding transport cost.

d) Producer - primary wholesaler - miller - retailer consumer channel : The footgrains miller purchase their requirements through wholesale markets and then mill the grain and distribute the flour through retailers.

e) Producer - primary wholesaler - government procurement agency roll flour mill - fair price shop - consumer channel : In this, channel, the central and state governments purchase large quantities of food - grains in primary wholesale markets and sell them throught their fair price shops in cities at fixed prices.

Marketing approach banking industry

In modern times, the "marketing" is applicable not only to concerns engaged in the process of producing/purchasing and selling products. It is very well applicable in the banking industry also. It is a kind of economic service institution, and has apply the principles and techniques of marketing at all stages of its organisation.

The concept of modern marketing management is consumers satisfaction through an efficient provision of variety of - consumers services. Banking industry if following the concept of modern marketing management to give efficient customer services for attaining the customer satisfaction. It is necessary to banking industry since it is being conducted in a competitive environment. A number of banks and financing agencies

are seen functioning in the money market. They are competing with one another for the mobilisation of resources and for offering loans and advances and other consumer services to the community.

It is very difficult to the banking industry to eliminate the competition which prevails in the money market. Because, the rate of interest on deposits and loans are equally applicable to all banking industry. The banking industry have to follow the direction given by the Reserve Bank of India in this regard. So to attract more customers, the banking industry are offering various types of services apart from accepting deposits and extending loans. It varies from one bank to another and one branch to another in the same group. They are safe deposit vault, collection of bills and rent, payment of insurance premia, subscirption to clubs etc.

So, for better viability and earning more profit, banking industry can use the following tools of marketing.

Application of Various marketing tools in banking industry

Banks for the purpose of attracting more savings of the communite and to increase the lending process progressively must use various tools and techniques of marketing in the day - to - day organisation.

First and foremost technique available to the banker is 'marketing research'. This is a very comprehensive term and includes many areas of research such as consumer research advertising media research, operations research, etc. This is a systematic way of gathering, recording and analysing data about the problems relating to marketing of all types of banking services. It helps the banker in improved decision making and control.

The customers of banks are of varied type and belong to various groups such as high income, low income, house - wives, agricultural, industrial and commercial units. The purpose of adopting the policy of marketing segmentation by a banker is to introduce different - schemes to suit his customer requirement.

The banker is studying the customers behaviour to satisfy the customers requirements, whether he is a depositor or borrower.

For building the image of the bank and loyalties of the customers, the banker is using advertising and publicity as a very power tool.

Application of concept of marketing in co-operatives

Self-help is the principle of co-operative. In India, marketing of goods through co-operative on an organised basis came to be strated only in the 1930s. Before that commodities like cotton, fruits, vegetables; etc were sold through marketing societies organised on a voluntary basis. It was only in 1956, during the First Five Year Plan, that a systematically organised co-operative structure for marketing of agricultural produce was conceived as a part of the plan.

The various functions of marketing viz., buying, assembling, selling, storage, transport facilities, grading, packing financing, etc., are performed through primary co-operative societies.

The functions of primary marketing society, as mentioned in its byelaws broadly cover.

a. arrangement for sale of agricultural produce of members.

b. grading, packing and transportation of the produce.

c. extension activities

d. advancing pledge loans.

e. processing of member's produce.

f. storage and transport facilities.

g. supply of inputs and consumer goods, etc.

Application of marketing in non-profit organisations

An organisation is the combination of person(s) formed for the achievement of some common objects. Organisations not for profits is organisations which are formed not for earning profits is but for promoting commerce, art, science, religion, charity or any other useful objects. They are also know as non-profit earning organisations. Thus, an organisation not for profits is not of commercial nature as its main object is not to earn profits. Such organisations are :

Church, Police department, University, Political party, public school, Municipality, Social action group, Charitable organisation, Hospital, Administrators, Social agency, Museum, Symphony, Post Office, Libraries, Zoo, etc.

Non-profit organizations are vary greatly in their awareness and use of modern marketing ideas. Some non-profit institutions particulary colleges, hospitals, and libraries are beginning to apply marketing ideas actively. Other non-profit organisations such as service agencies and churches are just becoming aware of marketing. Still other institutions, particularly, government agencies have generally not shown any awareness in marketing.

Types of organisations

The most of non-profit organisations are formed either private or public organisations. Some examples of both categories are : Private museums. Private charities, private universities, private associations, private hospitals. In public organisations, government, agencies, public schools, public hospitals.

Major Benefits of Associations with Marketing in Non-Profit Organisations :

The basic reason for non-profit organisations should be interested in formal marketing principles is that they will enable these organisations to achieve their objectives more effectively. Resources must be attracted, employees must be motivated, customers must be found. The designing of proper incentives is a key step in stimulating the employees.

For instance, in the U.S.A many colleges have 'best teacher' award based on student voting. Some hospitals carry a picture in their employees' magazine showing the 'nurse - of - the month' and describing how this person handled a different situation. By this, other employees will be motivated to emulate this behaviour.

Marketing is designed to produce three principal benefits for the non-profit organisation and its public.

1. Improved satisfaction of the target market : A substantial number of non-profit organisations operate in a non competitive environment or in an environment, where the demand for the service exceeds supply The organisation lack the motivation to satisfy their markets and may deliver unsatisfactory services which consumers accept because there are no alternatives. Marketing is stressing the importance of measuring and satisfying consumer needs, tends to produce an improved level of elient service and satisfaction.

2. Improved attraction of marketing resources ; Organisations, in striving to satisfy a set of consumers, must attract various resources, including members, volunteers, funds and public support. Marketing provides a disciplined approach to improving the attraction of these needed resources.

3. Improved efficiency in marketing activities : Marketing place a great emphasis on the rational management and co-ordination of product development, pricing, communication and distribution. Many non-profit organisations make these decisions with insufficient knowledgs, resulting in either more cost for the given impact on less impact for the given cost, for achieving maximum efficiency and effectivenes in marketing activities, the non profit organisation must use some tools of marketing.

Marketing mix

In non-profit organisations are increasingly recognizing the importance of marketing mx. It consists not of four Ps but five. They are product, price, promotion and people. And people may be the most important P.

Marketing information system and research

Managers of non-profit organisation need timely, accurate, market information as a basis for sound marketing decision.

A marketing information system is a continuing and interacting structure of people, equipment and procedures designed to gather, sort analyze, evaulate, and distribute pertinent, timely, accurate infomation for use by marketing decision makers to improve their marketing planning, execution, and control.

Marketing information system consists of four sub-systems. Non-profit organisation pick up any one of four sub systems to get information. The four sub-systems are namely.

i) Internal report system.

ii) the marketing intelligence system.

iii) the marketing research system, and

iv) the analytical marketing system.

i) Internal report system : The oldest and most basic information system used by managers is the internal record system. Every organisation accumulates information in the regular course of its operations.

Ex : A hospital will keep records on its patients, including the names addresses, age, illinesses, length of stay, attending physiians complaints supplies and room charges and so an. From these patient records, the hospital can develop statistics on the number of daily

admissions, average length of patient stay, frequency distribution of different illnesses, average patient charge and other useful statistics.

ii) Marketing intelligence system : The marketing intelligence system supplies happening data to the executives.

It is defined as "The marketing intelligence system is the set of sources and procedures by which marketing executives obtain their every day information about developments in the external marketing environment."

Managers carry on marketing intelligence mostly on their own by reading newspapers and trade publication nd talking to various people inside and outside the organisation. In this way they are able to spot important developments.

iii) Marketing research system : Managers need to commission specific marketing research studies in order to have adequate information to make pending decisions. Administrators of non-profit organisations are increasingly find the need of marketing research to know about the attitude of the people towards their organisation. Many research could prove worthwhile to organisation,

Large organisations often have their own marketing research departments. This department selects problems, design studies, and complete the studies. In the case of small organisations, they are not likely to have own research department, and will contract with outside marketing research companies for help.

iv) Analytical marketing system : The marketing information system contains a fourth sub system called analytical marketing system. These

systems are able to produce more findings and conclusion. Large non-profit organisations lend to make extensive use of analytical marketing systems. In smaller organisations managers resist these approaches as too technical or expensive. The analytical marketing system consists of a set of advanced techniques for analysing marketing data and problems.

They are

1) Statistical bank 2) Model bank

1) Statistical bank : It is a collection of advanced statistical procedures for learning more about the relationship within a set of data and their statistical reliability.

2. Model bank : It is a collection of models that will help markets to make better decisions.

Application of marketing planning and control

Most non-profit organisations operate, marketing planning and control at elementary level What they often call a planning and control system is a budgeting system. When chief executives of non-profit organisations are advised to establish formal planning and control system, they often say that these systems are inappropriate to their type of organisation. Now due to some apparent satisfaction of these systems non-profit organisations are introducing these systems Melville C. Branch has summarized the main benefits of a formal planning system.

1. Encourages systematic thinking - a head by management.
2. Leads to a better co-ordination of company efforts,
3. Leads to the development of performance standards for control.

4. Causes the company to sharpen its guiding objectives and policies.
5. Results in better preparedness for sudden developments.
6. Brings about a more clear sense in the participating executives of their interactions.

Marketing control is an essential part of marketing planning. Its purposes is to achieve the organisation objectives effectively and efficiently in the market place.

Product

Most non-profit organisations are multi-products firms. They make decisions on the product mix and on each product item. An organisation's product mix can be described in terms of its length, width, and depth. Some of the organisation's products constitute its core products constitute its core products and others its ancillary product. A product itself can be defined anything that can be offered to a market to satisfy the needs.

Product mix is the set of all product lines and items that a particular organisation make available to consumers.

Product line is a group products that are closely related, either because they function in a similar manner, are made available to the same consumers or are marketed through the same types of outlets.

Product item is a distinct unit within a product line

Ex : A church manages four product lines :

1. Worship services on sunday morning and evening.
2. education programmes for children, teens and adults.

3. counseling programmes on marriage.

4. recreational activities such as aport programmes, and dancing.

Price

Adminiatrators of many non-profit organisations have a strong interest in the price question. For ex : universities carefully consider how much they can raise tuition fee without losing students,

There are two types of prices.

1. List price. It refers to : the stated price of the service.

2. *Actual price* : It may be greater or smaller than list price depending upon the presence of premium or discount.

In handing the complex issue in pricing, an/organisation should proceed through three stages :

1. It should determine the pricing objective.

2. It should determine the pricing strategy.

3. It should determine when a price change is warranted.

Distribution

Every non-profit organisation has to think how it will make services available and accessible to its traget consumers. Marketers, call this the place or distribution decision, and it is one of the key decisions in the marketing mix. To design an efficient distribution, an organisation decide about the following :

a) Level and quality of service.

b) Number and location of branches.

c) To contribute consumer's and employee's satisfaction.

d) The use of middlemen and facilitating intermediaries.

Advertising and sales promotion

Advertising consists of non-personal forms of communication conducted through paid media under clear sponsorship. The major categories of non-profit organisation advertising are as follows :

1. Political advertising : Advertising made by politicians together votes.

2. Social cause advertising : It is made to promote social causes such as brotherhood safe driving aid to education, forest fire prevention, etc.

3. Charitable advertising : Charitable advertising is being specifically directed to raising donations, on a regular or emergency basis.

4. Government advertising : Various government, units are frequent advertisers. Municipalities spend considerable sums to attract tourists and industrial developers Police departments issue message to the general public on safety needs.

5. Private non-profit advertising : Universities, hospitals, museums and religious organisations all have strong communication programmes and develop it through advertisement.

6. Association advertising : Professional and trade associations have substantially increased their use of paid advertising. It is done to improve their public image and also the public's knowledge on their services.

Marketing management process

Marketing management process consists of 4 steps. They are

1. Analysing market opportunities.
2. Selecting target makets.
3. Developing the marketing mix.
4. Managing the marketing effort.

1) Analysing market opportunities : Each and every company or organisation have to identify the new market opportunities. They cannot depend upon their present products which are produced. A new field has to be found out. They test the sales and profits and not aware of their strength who faces the abandance of market opportunities.

Market opportunity identification is done by any organisation by having a clear eye on market surrounding and have good knowledge about the current market. It can be identified by reading newspapers, attent trade exhibitions., etc.

Market penetration i.e. increasing the sales without changing the product and buyers, market development, product development, and dversification i.e. turning the view to some other mode by attracting them. The above said are the ways for identifying the market cortunities.

Market opportunity evaluation is to identify the opportunities and to determine whether it is correct or not A company marketing opportunity is an attractive for company marketing action in which the particular company would enjoy a competitive advantage Eg Video games Each and every organisation have a set of objectives based on scope and mission. Company resources might be an opportunity acquisition rather than any resource which came into the industry.

2) Selecting target markets : The process of identifying and evaluating opportunities of market gives new ideas. While selecting, they select the best idea among the several ideas. Every opportunity should be studied throughly about market size and market structure. This involves 4 steps.

a) Demand measurement and forecasting : This is to estimate the current and future size of the market.

b) Market segmentation : In market, consumers are divided into various variable like geographical variable, psychograph variable etc.

c) Market targeting and

d) Market positioning

iii) Developing the marketing mix : An organisation must first develop the marketing mix i.e. product, price, place and promotion. Marketing mix is the set of controllable marketing variables that the firm blends to produce the response it wants in the target market. The product, price, and promotion must be carefully dealt by having correct quality of the product, fixed price, safer place and to show the merits of the product under promotion.

iv) Managing the marketing effort : Eventhough a company is analysed, selected, and developed it should be properly managed with

good effort. Normally a 'company wants a marketing organisation system, planning system. MIS etc. Even marketing control system is needed for managing the marketing effort.

Marketing as a body of resource allocated to the process of sale and distribution of products or services. It is very necessary for marketing executives to chalk out their marketing programmes and policies well in advance to achieve the firm's objectives. Hence the need for marketing strategy arises.

Concept of marketing strategy

Marketing strategy is the technique which a firm adopts to counteract market changes. Thus marketing strategy is a changing variable which changes, according to market environment. It is a consistent, appropriate and feasible set of principles through which a particular company hopes to achieve long term marketing objectives and profitability.

Factors to be considered while formulating overall marketing strategy

Overall marketing strategy is a composite built-up, or put together, by blending various inpurt (such as product, channels, promotion and price in different combination to achieve given outputs. Marketing strategy is a cynamic and not static concept. The following factors should be considered while formulating an overall marketing strategy.

1. ***Competitor's counter moves*** : The company has to estimate the competitor's counter moves with different marketing inputs and has to assess the relative effectiveness of those counter moves. Price reduc

tion, attractive gift schemes, improvement in packing may be an example of such counter moves.

2. Reinforcing of potential marketing inputs : Some marketing inputs have mutually reinforcing power and this fact should be taken to account while working out an optimum overall marketing strategy.

Ex : Advertising and displays repeat the advertising message about a product or service.

3. Substitutability of marketing inputs : Various marketing inputs can be mutually substituted by another. This attribute brings flexibility and utility in marketing strategy. Hence, this factor should also be taken into account while considering marketing strategy.

4. Productivity of marketing inputs : The marketing executives should also recognize that all marketing inputs have equal productivity at various levels of use before they begin to have noticeable effects. So the marketer should have an optimum - combination of marketing inputs.

5. Input elasticity : Different marketing inputs vary in their effects on demand which should be considered in selecting the best combination of marketing inputs.

Ex. A marketer may have to make several pricing decisions for a single product, and his choice of best combination depends partly on his analysis of price elasticity and demand.

Marketing Planning

Marketing planning is an integral part of overall planning of the firm which defines the role and responsibilities of marketing executives in contributing to the attainment of goals of the firm. Marketing planning is mainly concerned with the allocation, development and future use of the marketing resources.

Major setps in formulation of marketing planning

Each market oriented firm prepares an annual marketing plan. It is built around the four elements of the marketing mix (product promotion, place and price). Its major objective is to enable the firm to penetrate markets, gain desired market share and acquire good position in the market to create a favourable image to the company and its products

A marketing plan consists of the following major items :

1. Sales target for all the company's divisions, product lines and particular products.
2. A total budget of money and resources for supporting efforts.
3. A statement describing how the firm will allocate its efforts among four elements of marketing mix.
4. A product wise allocating budget.

Steps in preparing marketing plan

1. Marketing situation analysis : This analysis gives information on market demand, market environment, and market performance. It involves a review of company's strengths and weakness. b) research in

marketing environment c) Sales and marketing costs studies and d) sales forecast.

2. Assessing marketing opportunities : Researching the market environment can reveal marketing opportunities i.e., unmet consumer needs.

3. Marketing Objectives : Marketing objectives must be clear, attainable and verifiable. Verification is easy when we express our objectives in rupees of sales or in profits. The main marketing objective is of course consumer satisfaction and welfare.

4. Market segmentation : Market segmentation is the strategic realisation that different people need different products or services. market segments must be carefully selected and well designed Many firms practice market segmentation successfully.

For instance, departmental stores try to reach the consumers of lower income level through the 'budget' store.

5. Developing of marketing mix : Marketing mix is prepared and offered to each market segment. The firm's marketing decision making is classified into four elements : Product, place, promotion, and pricing. Time bound objectives with detailed strategy statement for each element of the marketing mix will be prepared. Measurable and controllable activity programmes will be chalked out in each component of marketing mix.

6. Integrate marketing mix : Integration of four P's into an overall marketing plan of the company is necessary The four elements of the

marketing mix are important individually. But their real significance lies in the mix by careful marketing plan or strategy in dynamic marketing environment.

7. Implementation of marketing mix : Sales territories and organisational control units must be given precise allocation of tasks for effective implementation of the marketing plan.

8. Marketing control of marketing operations is the principal cruse of marketing planning. Control is the second side of the blade of the planning process. The concepts of control are :

a) Continuous monitoring of performance.

b) Comparison of actual results with the started standards and removal of deviations or evaluation of results.

MARKETING RESEARCH

Marketing

To understand the scope of marketing research, the basic knowledge is needed about the activities included in the modern marketing concept.

Marketing can be defined as "Including all of the activities which involve in providing potential consumers with goods or service to satisfy their wants."

Cundiff and Still defined marketing as "marketing includes all activities having to do with effecting changes in the ownership and possession of goods and services. It is that part of economics with the creation of time, place and possession utilities and that phase of business activity through which human wants are satisfied by the exchange of goods and services for some valuable services"

Both definition emphasized on the activity of need satisfaction by the firm. Satisfaction of consumer need is not an easy task. As said by economist wants vary from one human being to other. So it is the problem of marketer to identify the needs of customers and find out the means of satisfying that needs. Because it is necessary to have marketing research.

Research

It is necessary to understand what research is before learning marketing research. Research always starts from a question or a

problem. It s purpose is to find answer to questions through the application of scientific methods. It is a systematic and intensive study directed towards a more complete knowledge of the subject studied.

Various authorities have defined research in different ways.

Research can be defined as

1. a methodical, unbiased and complete investigation of a subject matter to establish principles or

2. Investigation of a problem to discover pertinent information to help solve it. Research can be classified into two broad categories.

a) ***Basic Research*** : Basic research is sometime called 'fundamen- reaearch, 'theoretical research or 'pure' research. It aims at ex- the frontiers of knowledge and does not directly involve pragamatic problems. The essence of basic research is that it addresses itself to more fundamental questions and not to problems with immediate commerical potential. It is to create knowledge with no intention of applying that knowledge to an existing problem.

b) ***Applied Research*** : It is also called 'decisional' research, Applied research is the use of existing knowledge to find a solution to existing or specific problem. It gives specific alternative solutions and possible out-cumes of each alternative It is promoted by commercial consideration.

Marketing Research

Over the past several decades, there has been a gradual development of marketing research. The first evidence of formal techniques

could be traced as far back as 1824. However, for almost one century, marketing research developed very slowly. It was only after 1910 it made a rapid growth.

Marketing research is the collection and interpretation of facts that help marketing management to get products more effectively into the hands of the consumers. Marketing research encompasses all information pertinent to this task.

Definition

Marketing research is defined by various authors.

Marketing research can be defined as "methodical and unbiased collection and analysis of data pertaining to some marketing problem with the view of providing a satisfactory solution that will help the firm achieve its goals."

The American Marketing Association's definition Committee defines marketing research as "the systematic gathering, recording and analysing of data about problems relating the marketing goods and services."

Galsser defines "marketing research is the application of scientific methods to the study of factors that affect buying decision in a given market and the profitability of the business concerned."

Parker Holmes defines "marketing research may be considered to be the application of scientific methods and procedures in the study of marketing problems, to provide management with factual information upon which to formulate executive decisions and policies."

Marketing research as the "systematic and objective approach to the development and provision of information for the marketing management decision-making process."

- Thomas C. Kinner & James R. Taylor

Above all, the very popular definition is the definition given by the American Marketing Association.

Users and doers

The people who face problems must make difficult decisions and need marketing research to do it by themselves. It is often in small firms. So they act in both capacity as users and doers of marketing research.

In large firms where there can be specialization to have research specialists. Having research specialists are more efficient. The research specialists who plan and perform research are "doers". The decision mergers who are us the reports of researchers are "users."

Areas for marketing research

Five major areas of marketing research identified by management are :

Markets : **Research on markets include market, trends, share and potential characteristics of target group, competition, and monitoring competitor's activity in the market place.**

Sales : **Research on sales covers sales forecasting, quota setting, sales territory design, and other sales-related activities.**

Product : It involves new product development brand image, concept tests, product tests, and test marketing of new products.

Advertising and promotion : This type of research includes media research, copy research. merchandising, packaging and measuring the effectiveness of various methods of advertising

Corporate growth and development : Research in the area of corporate growth and development empehsizes economic and technological forecasting, measuring company image, profitability measurement. merger, acquistions and location studies

Aims and objectives

The aim of marketing research and analysis may be strated as follows :

1. To define the probable market for a specialized product and to report on general market conditions and tendencies, buying habit. etc.

2. To assess competitive strength and policies.

3. To estimate potential buying-power in various areas.

4. To indicate the distribution methods best-suited to the product and the market.

5. To know the company's expected share of the market.

6. To assess the probable volume of future sales

7. To study the geographical distribution of the market.

8. To know about customer acceptance of the product.

9. To study the requirements regarding the features of the product.

10. To make packaging as attractive as possible.

11. To understand why customers buy the product.

12. To identify marketing opportunities or problems.

13. To determine the dimension of marketing problems.

14. To facilitate evaluation of the attractive solutions of different problems.

15 To help in the selection of a right course of action.

Scientific method in marketing research

The scientific method encourages doubts and cirticisms so that what emerges the real evidence, which has stood the test of reasoning. A unique characteristic possessed by this method is self-correction. Such corrections are free from personal beliefs, attitudes and values.

Karl Pearson observes that there are three distinct characteristics of scientific methods. They are as follows;

a) Careful and accurate classification facts and observation of their correlation and sequence.

b) The discovery of scientific laws with the aid of creative imagination, and

c) **Self-criticism and the final touchstone of equal Validity for all normally constituted minds.**

According to Wolfe in his books "Essentials of Scientific Method", defines scientific method as the common characteristics of the science are (a) critical discrimination (b) generality and system and (c) empirical verification.

Critical discrimination implies that one must not be influenced by more appearance but must try to get at naked facts.

Second, Science is not interested in individuals but concerned with group of objectives.

Finally, science aims at the testing and verification of facts empirically so that they can be confirmed or rejected.

Methods of data collection

The task of data collection begins after a research problem has been defined and research design or plan chalked out. While deciding about the method of data collection to be used for the study the researcher should keep in mind two types of data. They are - 1. Primary data 2. Secondary data.

1. Primary Data

Meaning : The primary data are those which are collected a fresh and for the first times and thus happen to be original in character.

Collection of primary data

We collect primary data during the course of doing experiments in an experimental research, but in case of descriptive type or while doing

surveys, the primary data can be collected by either through observation or through direct communication with one respondent in one form or another or through personal interviews. So we can classify the method of collecting primary data as follows :

(i) Observation method, (ii) Interview method, (iii) Questionnaire, (iv) Schedules, (v) Other method. The other methods include (a) Warranty cards (b) distributors audits (c) consumers panels (d) depth interview etc.

The first three methods are widely followed to collect primary data.

Observation method

The observation method is most commonly used specially in studies relating to behavioural sciences. To make the observation as a scientific tool, it must be systematically planned and recorded and is subjected to checks and controls on validity and reliability.

Under observation method, the information is sought by way of investigator's own direct observation without asking from the respondent. For example the investigator when he is undertaking a study relating to consumer behaviour, the investigator instead of asking the brand of wrist watch used by the respondent, may himself look at the watch.

Advantages

This method is having the following advantages.

1. If observation is done accurately, the subjective bias will be eliminated.
2. The information obtained under this method relates to current events.

3. In this method, the respondent is independent to respond his willingness, and there is no need to expect much co-operation on the part of respondent, what usually pervails in the case of questionnaire and interview.

Limitations

This method is having following disadvantages.

1. It is an expensive method.

2. The information provided by this method is very limited

3. Sometimes unforeseen factors may interfere with the observational task.

Kinds of observation

Observation can be classified into various types according to the method used and the type of control exercised. Following are the chief type of observation. 1) Participant observation : 2) Non-Participant : 3) Control, 4) Non-Control.

1. Participant observation : When the observer participates with the activities of the group under study it is known as participant observation. Thus a participant observer makes himself a part of the group under study. He need not necessarily carry out all the activities as carried out by other member of the group, but his presence as an active member of the group is must. He may participate in the group in other capacity than the observer. He freely mixes with social activities of the group their normal working, functions and festivals. Under this method the purpose of critical study is concerned to know customs and traditions.

Advantages

a) The group can be observed in its natural-behaviour. Tyers are not conscious of the fact that they are being observed and consequently their behaviour is not influenced by this conscious.

b) The observer is much more closer to the group and observes its activities than the non-participant observer.

c) Most of the feelings are influenced by the circumstance and the outsider is not in position to know the significance of those feelings.

d) When he actually participates with the group he can talk it over to the people and learn its significance. He can thus learn things that are not open to observation.

e) The participant observer is generally more welcome to the group than non - participant one. The people are generally very much willing to explain the significance of their various social activities to an outsider who is keep to and willing to learn than to a person who has only an academic interest in them.

Disadvantages

a) When a group understands that its activities are being closely and critically watched by some one the very conscious of the fact makes them uncomfortable and naturality is lost.

b) Emotional participation of the observer kills objectivity. He begins to feel as a member of the group rather than an importial and undiased observer.

c) By active participation, the researcher creates a status for himself in the society. He mixes up with the people, he start to see things more from his own personal point of view than purely scientific stand - point.

d) The researcher may develop familliarity with many activities through active participation. Many of them may appear as ordinary things and he may fail to observe them or give any importance to them. But a stranger is gemerally in a better position to observe things because he pays attention even to minute things, as they appear strange to him.

e) The range of experience is narrowed. The observer takes a particular position within the group with definite circle of friends. He becomes a part of social hierarchy and loses contact with the other groups.

f) In some cases active participation is not possible eg. a criminal gang.

2) Non-participant observation : When the observer does not actually participate in the activities of the group, but simply observes them from a distant it is known as non-participant observation. Purely non-participant observation is extremely difficult.

Advantages

a) Objectivity and a purely scientific outlook can be maintained. The observer remains unattached and impartial without having any prejudices of his own.

b) He maintains a purely impartial status and thus can get co-operation from every group of the people.

c) The researcher maintains the stranger value. Because of his being stranger people are more ready and willing to disclose even their weakness, than if he was know to them.

d) It helps him to observe even minute things, there is no question of ordinary things.

e) The researcher can keep himself aloof from petty fractions and quarrels among the group. This helps him to carry on his research work more smoothly.

Disadvantages

a) The researcher fails to appreciate the significance of a number of actions and activities and he cannot view them from the point of the person who is doing them. This lack of appreciation may make some of his findings biased in the background of his own understanding.

b) He can observe only those activities than take place before him, but they form only a small part of the whole range. He cannot understand them in proper sequence.

c) People generally feel more suspicious of a person who stand as a cirtic. They fail to behave normally due to conscious of his presence. This result in creation of bias.

d) The researcher and whole group may feel very uncomfortable due to this strange attitude of the researcher.

3) Non-controlled observation : Observation may be controlled or uncontrolled. When the observation is made in the natural surroundings, and the activities are performed in their usual course without being

influenced or guided by any external force, it is known as non-controlled observation. Thus in case of non-controlled observer visits the place of occurrance of phenomena in order to observe Ex : Study of *slum* conditions.

Non-controlled observation is generally not very reliable. We may be induced to generalise from stary events, without properly verifying them. The observation may be biased and coloured by the views of the observer because there is no check upon him. Various observers may observe same thing differently and draw different conclusions.

But most of the social phenomena have to be observed in an uncontrolled way because non-controlled observation is thus, a major source of social research data.

4. Controlled observation : Because of non-controlled observation mentioned previously, controlled observation techniques have been developed. Such controlled observation afford greater precision and objectivity and can be repeatedly observed under identical conditions. The main purpose of a controlled observation is thus to check any bias due to faulty perception, inaccurate data, and influence of outside factors on the particular incident.

The control exercised is in the observation is of two types.

1. Control over the phenomena.
2. Control over the observation.

1. Control over the phenomena : In this type of observation, the phenomena is put to laboratory type test, under guided conditions.

Generally this type of test is very difficult in case of social phenomena but attempts have been made in this direction.

Ex : In case of the study of the behaviour of children and infants, they are kept in the room. Various kinds of stimuli are provided and the reaction of the children to these stimuli is observed.

One similar experiment was made to study the effect of lighting upon production. His workers were asked to work under different lighting conditions and their effect upon the production was observed. Various types of work studies comes under this type of controlled observation.

2. Control over the observation : According to Goode and Hatt, "for a social researcher it is difficult to control the object but he can atleast control himself."

When the phenomena under study can not be subjected guided experiment. But the researcher tries to control and guide his own perception for the purpose of avoiding any bias due to aulty observation.

Interview method

Meaning : The interview method of collecting data involves presentation of oral or verbal stimuli and reply in terms of oral or verbal responses.

Types : The interview of data collection may be done in two ways. The

1. Through personal interview
2. Through telephone Interview

1. Personal interview : Personal interview method requires a person known as the interviewer asking questions generally in a face to

face contact to the other person or persons. In this method some time the interview may also ask certain questions and the interview responds to that questions. Usually in this method the interviewer initiates the interview and collects the information. This sort of interview may be in the following types.

a) Direct personal investigation

b) Indirect oral investigation.

c) Structured interviews.

d) Unstructured interviews.

e) Focus interview.

f) Clinical interview.

g) Non-directive interview.

a) Direct personal investigation : In the case of direct personal investigation the interviewer has to collect the information personal from the sources concerned. He has to be on the spotand has to meet the people concerned from whom data have to be collected. This type is suitable for intensive investigations.

b) Indirect oral investigation : Sometimes it is not suitable to have personal investigation. The direct personal investigation technique may not be used since it may not be possible or worthwhile to contact directly the persons or / on account of the extensive scope of enquiry. In such cases an indirect oral investigation technique may be used. Under this method the interviewer has to cross examine other person who are supposed to have some knowledge about the problem under investigation and the information thus obtained is recorded.

Ex : Commissions and committees appointed by Government to carry on investigations make use of this method.

c) Structured interview : This type of interview involves the use of set of predetermined questions and of highly standardised technique of recording the response. Thus, the interviewer in a structured interview follows a rigid procedure laid down and asking question in a form and order prescribed In this method the interview is not having any flexibility. What-ever may be the situation, he has to ask only that predetermined questions. Conducting interview under this method leads to have a comparison between the respondents interview. In a descriptive study we quite often use the technique of structured interview. Because it is more economical easy and providing safe for generalisation. It requires less skill on the part of interviewer.

d) Unstructured interview : It is characterised be flexibility of approach to ask questions. This method does not follow a system of predetermined questions and standardised technique of recording information. In an unstructured interview. the interviewer in allowed much great freedom while recording the responses. He may include some aspects and exclude others.

Practically, this sort of flexibility results in lack comparability of one interview with another. The analysis of unstructured interviews becomes more difficult and time consuming. This method requires deep knowledge and greater skill on the part of the interviewer. However this method happens to be the central technique of collecting information in the case of formulative research studies.

e) Focussed interview : It is meant to focus attention on the given experience of the respondent and its effects. Under this method, the inverviewer has the freedom to decide the manner and the sequence in which the questions would be asked. He has the freedom to explore reasons and motives. the main task of the interviewer in case of a focussed interview is to confine the respondent to a discussion of issues

with which he seeks conversance. Such interviews are used generally in the development of *hypotheses*. This method comes under unstructured interview.

f) Clinical interview : This type of interview is concerned with broad underlying feelings or motivations or with the course of individual's life experience. This method of eliciting information generally left to the interviewer's discretion.

g) Non-directive interview : Under this technique, the interviewer function is simply to encourage the respondent to talk about the given topic with bare minimum of direct questioning. This interviewer often acts as a catalyst to a comprehensive expression of the respondent's feelings, and belief. He has to see, that such feeling and beliefs take place within which frame of reference on personal significance.

Merits and demerits

Apart from the variations in interview-techniques the major advantages and weakness of personal interviews can be enumerated in a general way.

The chief merits of the interview methods are as follows :

a) More information and that too in greater depth can be obtained.

b) Interviewer by his own skill can overcome the resistance the respondents. This interview method can be made to yield an almost perfect sample of the general population.

c) There is greater flexibility under this method as the opportunity to restructure question is always there, specially in case of unstructured interviews.

d) Observation method can be well applied for recording verbal answers to various question.

e) Personal information can as well be obtained easily under this method.

f) Samples can be controlled more effectively and suffers no difficulty of negative response.

g) The interviewer can usually control respondents. This is not possible in mailed questionnaire. If so desired, group discussions may also be held.

h) The interviewer may catch the informant off-guard and thus may secure the most spontaneous reactions than would be the case if mailed questionnaire is used.

i) The language of the interview can be adopted to the ability or educational level of person interviewed. Here minister-pretations concerning question can be avoided.

j) The interviewer can collect supplmentary information about the respondent's personal characteristics and environment which is often of great value in interpreting results.

Demerits

There are also certain weakness of the interview method. The important weakness may be.

a) It is very expensive method, specially when large and widely spread geographical sample is taken.

b) There remains the possibility of bias of the interviewer as well as that of respondent. There is another one task of supervision and control of interviewers.

c) **Certain types of respondents may not be easily approachable under this method and to that extent the data may prove inadequate.**

Ex : important officials, executives, people in high income groups.

d) **This method is relatively more time consuming, specially when the sample is large.**

e) **The presence of the interviewer on the spot may over stimulate the respondent. Sometime to make the interview interesting he may give imaginary information.**

f) **Under interview method the organisation required for selecting, training, supervising the field staff is more complex.**

g) **Interviewing at times may also introduce systematic errors.**

h) **Effective interview presupposes proper rapport with respondents that would facilitate free and frank responses.**

Pre-requisites of interviewing

For successful implementation of the interview method, the following pre-requisites are must.

1. **Interviewer should be carefully selected, trained and briefed.**

2. **Interviewer should be honest, sincere, hard working, imperial and must possess the technical competence and necessary practical experience.**

3. Occasional field checks should be made to ensure that interviewers are neither cheating. nor deviating from instructions given to them for performing their job efficiently.

4. To take appropriate action, some provision should also be made in advance if some of the selected respondents refuse to co-operate or not avilable when an interviewers calls upon them respondent will forget the significance of the early part by the time he reaches the end of question.

2. Complex questions : The question of complex nature should be avoided. Such questions are very difficult to understand and the respondent may give some incorrect reply.

3. Personal questions : Questions regarding personal life of a respondent should be avoided unless they from the chief subject matter of the enquiry. People are generally reluctant to disclose their personal matters.

Ex : Family life, marital or sex relations, diseases, etc.

4. Questions causing suspicion : Question regarding income character, etc, generally cause suspicion in the mind of the people. This type of questions should be avoided unless they are absolutely necessary :

5. Embarassing : Such question as may put the respondent in an embarassing positions should also be avoided.

Ex : Asking opinion about the superior from his subordinate.

6. Leading questions : Suggestive type of questions should be avioded as they result biased reply.

7. Questions not pertaining to subject matter of enquiry : Exery single question should be related with enquiry. No superfluous question to be included inclusion of one superflous question leads to lot of expenditure on collection and tabulation.

8. Qestions likely to yield in accurate response : There are some questions in which a correct reply is a remote reply. Such questions should be avoided, unless there is some check to test their accuracy.

Ex : Questions regarding status, health, character, etc.

9. Questions on universally accepted norms : In every society there are some universally accepted norms, forms according to their morals of nature of culture. In such a case the answer is most obvious and nobody can be expected to go against the universally accepted morals or norms. Such obvious questions should be avoided.

Ex : Asking questions to a brahmin about consumption of meat per week.

The use of secondary data in Marketing Research : The basic purpose of marketing research is to help marketers for decision making which result in the successful operation of their firms. While the process of collecting original or primary data. Such a move will cost the firm and also will indicate that the researcher lacks experience. The researcher may solve the problems with information available within the form or from external sources. This information is called as secondary data.

Secondary data can be defined as data collected by some one else for purposes other than solving the problem being investigated. Such data can be obtained internally (eg. accounting records) or externally

(eg. government reports, trade associations, reports, commercial services.)

The sources secondary data

1. Internal Company records : Every company maintains order records of salesmen's daily report, call-report, sales orders and customer complaints. Sales records for each area, product and the class of customer. These records may be of great help.

2. Government : Much information about the distribution of population area - wise, occupational distribution, number of literates sexratio, rural-urban composition of population, economic structure, per capita income, prices, cost of living index, consumption patterns, etc, can be gathered from government publications monthlies buarterlies, quarterlies or annual reports.

3. Trade professional and business associations : Chambers of Commerce, Federation of Industry and Trade. All India Manufactuter's Organisation, Employer's Federation of India and other private organisations supply data to outsiders through trade journals, periodic reports and research finding.

4. Private business firms : Private marketing research firms, advertising agencies and research bureaus of private employers also provide useful information needed by a researcher. Oxygen Ltd Tatas Research Units are rendering useful service in this respect.

5. Universities and Colleges : Several universities and colleges also publish studies conducted by their faculty members. A researcher who

wants to get information about faculty publication will have to visit the libraries of educational institutions.

Advantages of secondary data

1. Economy : Economy is the greatest advantage of secondary data Instead of printing data collection forms, having field workers transporting them throughout the field areas and editing and tabulating the results, the researcher may go to the library and take information from published record complied by somebody else.

2. Quickness : Not only the available secondary data are cheaper than primary data, but they can also be obtained more quickly.

3. Availability : It is available more readily as compared to some subjects which are totally unapproachable in the primary data

Limitations of secondary data

1. Finding information : To find data which exactly fit the needs of the project at hand, is a difficult problem.

2. For other purposes : Quite often, secondary data do not satisfy immediate needs, because they are complied for other purposes. Even when directly related to subject under study, secondary data may be just enough to make them of little use.

3. Variations : The variations in secondary data often impair the value of data. The variations may be in (a) units of measurement (b) definitions of classes (c) Obbsolescence, etc

4. Difficulty of finding data of known accuracy : Once the researcher has discovered appropriate secondary data, he must determine whether the information is accurate enough for his study or not. Before applying any secondary data, the researcher must critically evaluate them and the circumstances under which they were collected without such an evaluation. the data would be futile.

5. Errors in copying : The researcher who collected the secondary data, may comit mistake while collecting the data. It may also affect the validity of the data.

MARKETING INFORMATION SYSTEM (MIS)

Marketing information system is a young discipline of marketing. A radical new approach to the management of marketing activity is possible due to MIS which is in most sophisticated form. By using formalized decision making techniques, making rational decisions are possible in an effective, efficient, and economical way. MIS gives much importance to achieve this,

Definitions

1. Marketing information system is "a structured interacting complex of persons, machines and procedures designed to generate orderly flow of pertinent information from both intra - and extra - firm sources, for use as bases for decision making in specified responsibility areas of marketing management."

2. MIS is defined as a "complex arrangement of well defined rules, practics, and procedures by which men and equipment convert data into information that answers explicit or implied questions of those who manage business, (while not essential the computer is generally a part of such a systems)."

3. MIS many be defined as a set of procedure and methods for the regular and planned analysis and presentation of information for use of marketing decision.

Meaning of MIS

MIS is a means of managing the data and information which are needed by the firm for decision making. Data related to marketing activities must be collected and maintained, and the data should pertain to factors that are internal and external to the firm. Thus, the role of the MIS is to manage marketing data and information effectively and efficiently and to help implement the marketing research process.

There are different systems of information in every company, such as, financial information system, personnel, logistics information, marketing information system etc. Marketing information consists of facts, figures and reports about products, prices, market conditions, consumer's responses, customer's information regarding physical flow of goods, transportation, warehousing inventory position and also regarding other elements of marketing mix. Thus it includes all facts, estimates. Opinions and other information and providing services.

MIS is essential to every company; without marketing information the chain of modern industry would be broken and the producer would be separated from his customers.

Concept

MIS is made up of several components that are interrelated or interdependent in accomplishment of an objective. A system can, therefore, be defined as a totality of elements or objects which are interrelated in some manner. The following five components are included in thesis system.

1. Input

2. Processor

3. Output.

4. Feedback and

5. Control

In a system, input represents the resources used to produce a desired output. The processing stage converts available inputs into inputs. For processing to be successful, adequate controls are necessry. Feedback acts as a vehicle to control the amount and quality of input, the extent of processing required, and the type and amount of output which need to be produced. If the output is to be useful to the user, its quantity and quality must be controlled. Input is the data which are processed manually or mechanically into information, which is the output, Control is a vehicle for monitoring the quality of raw data, processing operations and information output.

MIS and the need for it

Marketing information system is a set of procedures and methods for the reguler and planned collection, analysis and presentation of information in making marketing decisions.

Marketing information system is the life blood of marketing, because of the following reasons :

1. In dynamic economy, consumer tastes, fashion and linking are constantly changing, without proper information on the nature, character and size of consumer demand, marketers will be simply groping in the dark.

2. Marketer must have latest information regarding the changing trends of supply, demand and prices. For this, he relies on market reports and other market intelligence services.

3. Modern markets are competitive : Predicting the behaviour of one's competitors and outguessing of the competitor will need the services of marketing intelligence. A marketer cannot survive without up to-date market information particularly regarding the nature, character and size of competition to be met.

4. Innovate or perish is the slogan in the existing marketing environment. But innovations are based on information given by research and development. New products, new markets, new processes, new techniques are based on facts and figures. So marketer must have latest market information regarding technological developments.

5. In every widening market, there is a communication gap between consumers and marketers, which leads to consumer dissatisfaction. Consumerism and increasing consumer grievances indicate that products do not match consumer needs and desires. For this, it is necessary for every marketer to have upto-data marketing information system. This system can establish proper two-way flow of information and understanding between producer and consumer in wider market.

6. We are living in the age of planning and programming. Plans and programmes are based upon information collected from various sources. Market information system coordinate various activities in a concern. Due to this both supply and demand can travel on the same wave length.

7. Management has literally a flood of information knocking at its door due to information explosion. Computer and electronic data processing equipment act as our rescue board to face successfully the fantastic flow of information.

8. MIS is essential for every company as it furnishes the following important information as -

i) size, character and composition of the market,

ii) characteristic of buyers,

iii) position of the product marketed,

iv) various uses of the product,

v) nature and extent of competition,

vi) nature of substitutes,

vii) degree of consumer satisfaction, and

viii) effectiveness of advertisement and salesmanship.

Characteristics of a successful MIS

A successful MIS cannot be developed overnight. The passage of time and experience is must, to have a successful MIS It is possible by understanding the structure of MIS clearly and recognizing the increasing demand for diverse data. The aspects that should be considered for the successful evolution of MIS are -

Considering the market environment

The committee vested with the responsibility should consider the marketing environment in which the decisions are made. To meet the requirement related to the decision environment, the proposed MIS must include specific models and analytical procedure that take into account the environment-internal and external-in which the firm operates. Factors considered important to the decision environment must be stated clearly and identified from those that are to be excluded.

Clear understanding of the system's structure

Individuals using the system must have a clear understanding of the system's structure. For this, steps involved in terms of types of data to be used and the procedures to be followed in processing the data into the required information should be grasped. The user must be involved with the system and utilizing it in decision making otherwise the MIS will fail.

Disaggregated data files

Disaggregated data files should be planned when data files are being designed. In data files data should be maintained, in a detailed time sequence. The procedures eliminates structure biasing through aggreatior, which destroys much information value.

For instance, the disaggregate customar file, includes the name, address, demographic factors credit rating record etc.

Recording each transactions on chronolgical order in the data file helps in recreating the interaction between the firm and the customer over time.

Components of marketing information system

An effective marketing information system has the following main components :

1. Internal accounting system : The internal accounting system maintains data pertaining to orders, sales, inventory levels, receivables and payables. It should be able to fulfil the needs of marketing executives, sales representatives, production managers and so on.

2. Marketing intelligence system : The marketing intelligence system collects current information on developments in the macro-environment and task environment. Its purpose is to keep executives abreat of the changing environment so that they can plan the marketing strategy to get optimum results.

3. Marketing research system : The them of this system is to undertake studies on specific marketing problems and reports its finding to marketing management. The studies, which are of an adhon nature, are undertaken by qualified researchers within the company of the outside agencies which are well versed in various research techniques.

4. Marketing management science system : It is othewise called as operations research. It is concerned with building model for better understanding and the prediction and control of marketing purposes.

Medium for storing marketing information

A good marketing system should determine information needs of the concern and generate, store and process such information on a continuing basis. The purpose of storing and processing the generated

information is to use whenever it is required. For this the following media are used.

Data bank

Firms have MIS use data bank for storing the needed information, both internal and external. In addition to serving as a warehouse for marketing data, the data bank provides the facility processing and present it in the form of reports or summaries of specific marketing activity. For this the data bank should have the capability of manipulating or transforming data into usable information.

Magnetic tape

The magnetic tape is a high-speed medium for storing data in a firm's data bank. It can serve either as an input or output from a computer Firms that are large and have medium or large-scale processing usually use magnetic tapes. A magnetic tape drive with a read-write head can either read from or write on a tape.

Magnetic disk

Similar to the magnetic tape, th. magnetic disk is also a high speed medium for storing data. The magnetic disk, also is on-oxide coating. Disk packs on the market today are capable of 80 to 200 million characters. The price of disk pack depends upon the storage capacity.

For example, a disk pack drive model 236-1, manufactured by Calcomp, has storage capacity of 100 million characters is priced at $ 345. For one unit Disk pack model 3330-11 manufactured by IBM, has a storage capacity of 200 million characters and is priced at $ 570 for one pack.

Model Bank

The model bank can coptain either mathematical or statistical models or both and other analytical tools commonly used by firm. The mathematical model that should be maintained many model banks are.

(i) Linear programming : (ii) project evaluation and review technique (PERT) : (iii) Critical Path Method (CPM) : (iv) Input-output; and (v) Inventory models

Output

Output is a vital link between te user and the MIS. If the benefits of MIS should of interaction among marketers, marketing researcher and the MIS. Output, which provides information in a usable form after the marketing data are processed can be in any of the following terms :

1) Punched card (2) Computer print out or harp copy (3) audio or video.

Marketing data processed into usable information can be presented in any one or a combination of all of the following form.

1) reports, 2) summaries, 3) descriptive statistics-frequency tables, crosstabulations, graphs and so on; and 4) sample statistics or population parameters.

The most common form of output desired by marketers is the report or summary of marketing activities. Because it provides marketers with information need to plan, implement, and control marketing activities.

Whatever the form of output available or the form of presentation, output plays a critical role in MIS.

Computer

Introduction of the computer to the business scene in the 1950's brought about sweeping change in the field of marketing information system. Speed, accuracy and the ability to handle voluminous amounts of data are main advantages. Computers have over manual and mechanical method of data processing. Due to this computer has become an integral part of every business and especially of the MIS.

Relationship of marketing information system and marketing research

It may be a bit risky to generalise about the relationship between marketing information system and marketing research. Some people see the market information system as simply a logical computer based extension of marketing research. Others see the two as distinctly different activities. If a company has formal MIS then the marketing research activity is probably treated as just one part of the market information system. Market research trends to stress the collection of past data to solve problems. Information systems perform future oriented activities.

Smith S. R. Brien has defined MIS as "a structured interacting complex of persons, machines and procedures designed to generate an orderly flow of pertinent information, collected form both intra and extra firm sources, for use as the basis for decision-making in specific responsibility areas of marketing management."

Crisp has called marketing research "the systematic, objective and exhaustive search for a study of the facts relevant to any problem in the field of marketing."

By analysing the above definitions some contrasting characteristics of marketing research and MIS come to light.

They are:-

Marketing Research		Marketing Information System	
1.	Emphasis is on handling external information.	1.	Handles both internal and external data.
2.	It is concerned with solving problems.	2.	It is concerned with preventing as well as solving problems.
3.	Operates in a fragmented-on a project-to-project basis	3.	Operates continuously.
4.	Tends to focus on past information.	4.	Tends to be future oriented.
5.	It is not computer-based.	5.	It is a computer-based process.
6.	It is one source of information input for a marketing information system.	6.	It includes other sub-systems besides marketing research.

MARKETING ENVIRONMENTAL ANALYSIS

A Company's marketing system must operate within the framework of forces that constitute the system's environment. These forces are either external or internal to the firm. External forces generally cannot be controlled by the firm. The Indian market environment is analysed in the following headings.

Geography

In terms of size, Indian ranks seventh in the world. It has an area 2,986,000 s.q.km. It has a land frontier of 15,200 km and a coast line of about 6,100 km Politically the country has been divided into 22 states and nine union territories.

Population

In terms of population. India is the second largest populated country in the world. According to 1981 census, has crossed 100 crores in 1998. The total population of India On an yearly basis, India's population is increasing by about 110 lakhs. There is an unequal distribution of population amongst the states of India.

Density

Density of population refers to the number of person per square kilometre. Population density is an important factor in programming marketing effort and guides marketing executives in developing

appropriate alternative decisions. The population density in India is 221. However it varies from state to state depending on the potography, climate, and the level of economic development. The highest population density among various states is in Kerala followed by West Bengal. Bihar and lowest is in Sikkim and Nagaland.

Urban-rural character

The Indian market has a deep rural character. About 80% of India's population is rural and 20% is urban. There is steady shift towards urbanisation over a time-span of 50 years. During the period, the urban population increased four times, whereas the rural population could only double itself. The rate of increase has been much pronounced in the case of western zone comprising the industrialised states of Gujarat and Maharashtra.

Sex composition

The study of the sex compositive is of special importance to the marketing man. It helpd to develop and understanding about prospective consumers and market potential of a product and facilitate market segmentation. There are 935 females for every 1000 males. This trend is uniformly found in all the states of India except the State of Kerala and the Union Territory of Dadra and Nagar Haveli where there are more females than males.

Age

The study of the age-composition of the population considerably helps marketing management to develop appropriate marketing stalegies for each one. In India, there is a very large children's market as they constitute 42% of the population. People exceeding 60 years of age

from only 6% of the population. A large children's market coupled with teenage market is of enormous significance to any marketing executive in India who is looking for market potential and is engaged in calculating market share.

Marital status

The study of the marital status of population has special relevance in marketing. It helps in identifying consumer in terms of marital status so that appropriate market segments may be carved out and a match between segment-needs and company-offering may be attained. Persons with different marital status have differences in terms of needs attitudes and buying behaviour.

Literacy

A marketing man has considerable interest in the literacy in the market. It is so because the level of literacy influences marketing communications of a company. Higher the levels of literacy, greater reliance may be placed on press advertisements, package message and sales promotion literature. But in a reverse situation audio-visual media of communication replace the written word.

Income level

Purchasing power of consumers in a country largly determines the market potential of a product. It is largely dependent on the national and per capita income on the one hand and consumption and savings level obtaining in the country on the other. Therefore, interest of marketing executives in these information inputs is obvious.

In India, the national income and per capital income have been steadily rising on account of the national development plans.

However, among the different states of India, the states of Punjab Maharashtra,Haryana and West Bengal are prosperous. These states provide better marketing opportunities to companies manufacturing products of comforts and luxuries.

Language

Language plays an important role in marketing because it is a medium of communicating one's consumers. All ideas, persuasions and inducements are transmitted to the market and reactions and feedback are gathered through the vehicle of the language.

Religion

To a marketing man it is essential to study and understand the religious allegiance and persuasions of consumers because these substantially condition their attitude, outlook and buying behaviour. It also provides useful clues to develop the appropriate match between consumer behaviour and marketing mix so that products and marketing communications are not violative of the religious beliefs.

Caste

Like religion, caste is an important sociological phenomenon of the Indian market. The entire Indian society is segmented on the basis of castes. It is very relevant to decision marketing because caste, reinforced by religion, considerably influences the attitutes, life-style and consumption behaviour of people.

Culture

Culture has been defined as "that complex whole which includes knowledge belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society." It "consists of the acquired or cultivated behaviour and thoughts of individuals artisic, and social ideals and institutions which the members of the society profess and to which they strive to confirm " It is important for a marketing manager in his effort to cope with non-rational aspects of behaviour." There is an increasing evidence that an understanding of cultural anthropology will be an important tool of competitive marketing. The aspects of Indian culture relevant to marketing include, the joint family system, customes, food, and festivals.

Joint family system

From the marketing point of view, two things are relevant in the system.

First, decision marketing as regards family purchase is mostly done by the head of the family.

Second, it is the income of the family as a whole and not of an individual that shapes the composition of the family purchases.

An understanding of costumes, food and festival of Indian culture helps marketing man to appropriately plan new product development and introduction order-booking and physical distribution.

A) Consumer markets and buyer behaviour

Consumer markets : The consumer market consists of buyer or individual who buy products or services for their personal or household use. In no case a consumer will buy a product or service

for the purpose of making a profit out of it. Consumer markets consists of buyer and retailers. Because the consumer products and sold through retailers to the consumers. The consumer goods/products falling into two major categories i.e., durable products and nondurable products.

Durable products : Durable products are those tangible products which normally survive many uses. The frequency of purchase of these goods are less due to its high price and long durability.

For instance, cars, scooters, furniture, air-conditioners, refrigerators and washing machine, etc.

Non-durable goods : Non-durable goods, on the other hand are those tangible products which are normally consumed in one or few uses. The frequency of purchase of these goods are more due to its low price and short durability.

Apart from the durability classification the consumer goods are further sub-classified on the basis of degree and nature of shopping effort put in by consumers. They are :

Convenience goods : These are goods which a consumer purchase frequently and immediately because of its small value. Consumer puts minimum efforts in comparison on buying process of these goods. For instance soap tooth paste, biscuts, bulbs, newspaper, etc.

Shopping goods : These are goods, which a consumer compare the suitability quality price any style during the process of selection and purchase. Because the consumer does not possess full knowledge of the product before he starts for shopping goods. It includes durable articles, such as refriegerators, fans sewing maching, jewellery. etc.

Speciality goods : Speciality goods are those consumer goods with unique characteristics and/or brand identification for which a significant group of buyers are habitnally willing to make a speical purchasing effort. For instance, expensive men's ready to wear, fancy groceries, sport and photographic equipment.

Buying behaviour : Buying behaviour involves a complicated series of stimulus and response reactions to many motives. These motives may be expresed or unexpressed and are based upon deep seated needs or more openly felt wants.

According to Webster "buyer behaviour is all psychological, social and physical behaviour of potential customers as they become aware of, evaluate, purchase, consumer, and tell other people about products and service."

Buyer behaviour emphasizes that this behaviour is both individual processes and group processes. It follows the buyer from awareness through to post purchase evaluation. It includes communication, purchasing and consumption behaviour. It is broad enough for both consumer and industrial buyer behaviour.

To known buyer behaviour one of the most useful concepts of motivation is that provided by Abraham Maslow's "hierarchy of needs" it includes.

a) The psychological needs : It includes needs for satisfying hunger, thirst sleep shelter and sex gratification. Those are the most basic needs are of little importance.

b) The safety needs : These are related to economic and social security such as production and family stability.

c) The belongingness and love needs : The needs are to be satisfied to avoid frustration and maladjustment in life. These relate to affection and belongingness to group, love, acceptance by some one.

d) The esteem needs : It comprises self esteem, a high evaluation of self, respect, prestige, status, etc.

e) The need for self-actualisation : It is the desire to achieve the maximum of one's capabilities. Its fulfilment depends upon the prior fulfilment of the basic needs.

f) The deisre to know and understand : It refers to the process of searching for meaning in things around us.

g) The aesthetic needs : It may not appear to be present among many individuals because of their failure to satisfy more basic need, but among other the need for beauty is important.

Consumer and his buying behaviour

Consumer comprises public or private institutions, houswives, men and children, etc. Consumer is the most important class of buyer and it located in villages towns and cities.

Consumer purchases product for three important reasons :

a) He has a desire which needs to be satisfied;

b) He has an urge which induces him to purchase : and

c) He has a reasoning.

Broadly speaking consumer buying behaviour is motivated by two factors viz.

External motives : The motives are outside of oneself. Man's attitude and behaviour are influenced by various factors like income, occupation religion, culture, the family and social environment, etc.

Internal motives : These motives are often originate in the mind of the people and are both physical and psychological in nature. The various factors which originate are rational buying, emotion, comfort, convenience, safety, protection, pride, vanity, love, affection etc.

Out of the above said internal motives, the convenience motive is one of the most important factors which influence the customer's purchase.

The market managers should know the ten kinds of convenience motive of the buyer behaviour. They are very useful to them to chalk out the plan according to the needs of consumers. The ten kinds of convenience motive given by Moretimer is.

1. Form : Product must be available in a wide variety of form. The drug products, for example, may come in liquid, paste, syrup, powder, pills or inhalant form.

2. Quantity : Goods must be offered in all sizes, quantities desired by the consumer.

3. Time : Product must be available at the time the consumer wants them.

4. Place : Seller must offer opportunities to consumer for shopping in the most convenient locations possible.

5. Packaging : Packings must be easy to find, open, use, carry and store.

6. Combination : It is found in service industries. It means combination of more than one service for better need fulfilling.

7. Automation : Many consumers dream, all products are available in button push, without much strain.

8. Credit : Instalment and credit purchase of furniture and household appliances, i.e., where products are purchased now and paid in future.

9. Selection : A seller must offer his product at convenient prices and in an assortment of coloms, materials, of flavours.

10. Readiness : Everything one purchases must be ready and easy to use.

Besides knowing why consumers buy, the manufacturers and marketers must also understand when, where and how they buy.

B. Industrial markets and buyer behaviour

Industrial market : Industrial market consists of individuals groups or organisations which purchase specific king of products such as raw

materials, manufactured goods, installations, accessory equipment, supplies, business services for the purpose of using them, to produce other kinds of product to resell them or to facilitate the organisation's operations or to maximise profits.

Induatrial consumers may be defined as "business or institutional organisation that buy products and services either to use in making other goods and service or to use in their own business."

-Canfield

i) *Manufacturers* : They purchase goods for turning them into finished goods such as cotton, pig iron or steelsheets, and all types of raw materials.

ii) *Manufacturers and service organisations* : They buy goods for consumption in the operation of their business, such as lighting equipments and furniture and fittings in a cinema hall.

iii) *Industrial distributors* : They buy goods for resale to Industrial consumers.

Industrial buyers are concentrated in industrial area where a large number of industries are developed and located Typical industrial buyers are in extractive, processing construction and transportation industries.

Compared to ultimate consumers, industrial buyers tend to have more knowledge about their products and to buy appropriate products for the required job at the best price. They are expected know needs, resources, policies and procedure of the industry.

Buying behaviour of industrial buyer

Industrial buyer behaviour is motivated primarily by a desire to maximise his firm's profit. His buying goal is optimum combination of price, quality and the service in the products he buys.

According to Nystrom, the following motives impel the industrial consumers to purchase and to fulfil his desire to maximising profit.

1. Efficiency-performance, practicability, and increased capacity.
2. Economy in money, in use or in time.
3. Good quality materials and workmanship.
4. Simplicity in construction, operation and application
5. Increased saleability of user's product.
6. Ease of operation such as easier handling, greater convenience, handiness or light touch.
7. Space moving i.e., compactness, ease of storage and holding.
8. Obsolescence which need improvement, replacement or additions.
9. Safety to employees clients and customers.
10. Cleanliness in plant, user's product of workmen.

Besides these other buying motives are speed, strength, durability, protection from loss, standard type, low maintenance cost, time

saving increased profit, light weight, greater power, adaptability, purity, elasticity.

What industrial buyers buy?

Industrial buyer generally purchase a wide variety of goods and services. According to Vergil Reed, these are.

1. Building and site : Either constructing or using factories ware houses, cark park, store building office building, lands for mining and drilling.

2. Installations and or major equipments : It comparises of boilers, generators, rolling mills, conveyer systems, furnaces, etc.

3. Accessory of secondary equipment : It includes meters, guages hand drills, time systems hand trucks, jacks and pinion pallers office equipment-typewriters, accounting machines, furniture, etc.

4. Supplies : It includes (i) operating goods lubricating grease and oil grinding or polishing compound, welding wire coal; (ii) maintenance-paint, nails, night bulbs, cleaning supplies; and (iii) administrative goods-typewriters, rippon ink, pencil, clips, etc.

5. Fabricated or semifinished materials : It consists of steel bars, wires, rods, steel sheets, grey cotton piece goods, wood planks.

6. Process materials : It composes of dyestuffs, acids, waxes, gums, alloys, and other products of chemical processes.

7. Complimentary equipment : It is a finished goods of one manufacturer purchases by another to be supplied with his product at the time of sale and for the purpose of increasing its utility or aiding in its operations.

8. Receptacles and packages : It means goods used for packing the finished goods such as bottles, jars, cases, drums, barrels and bages, cartoons, wrappers, labels and strikers, etc.

9. Service : It means various types of services required for smoothy function of industry and to overcome from the losses. For instance, electric power, telephone, and telegraph, insurance, banking, advertising, research, legal, medical, and dental assistance, credit transport business consulting etc.

It is to be noted that in the industrial markets, rational buying motives tend to predominate than psychological or emotional motives product quality, quantity of supply, after sales service and price are key factors in making product purchase decision.

MEASURING AND FORECASTING THE FIRM AND INDUSTRIAL DEMAND

A market is composed of people with money, wantings goods and services. People with unmet wants create marketing opportunities. People with wants and purchasing power make these markets effective. Customer demand is a very important element in the marketing system.

A sound marketing programme of the firm or industry should start with a careful forecasting of the market demand a for the product of service.

Marketing managers use a three step approach to reach the perspective customer.

1. They define a market for their products.

2. They divide the total market into logical, identifiable reasonably homogeneous segments of the target market.

Demand for firm or industry product or service can be forecasted as M $P_1 \times P_2 \times P_3$

M stands for demand. It is equal to the interaction of three major forces.

P_1 Stands for population pattern i.e., the market or people who are buying and where are they located.

P_2 Stands for purchasing power i.e., ability to pay. This is based on income, credit and assets.

p_3 Stands for purchasing patterns, or buying behaviour. These are influenced by life-style patterns states, attiludes and other psychological and sociological factors.

The forecasting demand must identify the specific forces within three P categories that are effective in any marketing situation. It must also discover the anture and size of each force and determine the trends of future. As any one of the Ps change, the other will be affected accordingly.

The forecasting demand is influenced by various factors and in various markets. So it is necessary to consider the nature of market and the factors which are influencing.

Competitive market

In a competitive market, the lower the produce price, the more will be demand for it. To meet the demand supply of products are in an upward trend.

On the other hand, when there is a change in demand, the supply and price both are affected. Changes in demand may due to some social or economic factor. Increase in demand may result in higher prices and an increase in supply.

Methods of forecasting demand involve finding out the probable market demand for a particular product. This can be determined in a sophisticated method by using the following formula.

Market Potential (in Rs.) = N x R x P

Where N = Number of people in a specific market for the product

R = Average quantity of purchase per person.

P = Average price per product unit.

While market forecast project demand for an entire industry, the sale forecast projects the volume for a given product by a company under an existing marketing plan.

Product demand, on the otherhand, refers to amount that the company can expect as its share of total market demand.

The techniques of forecasting market and sales potential, can be grouped into four categories, viz, questioning, observation statistical analysis and experimentation. It is explained in the following table.

FORECASTING TECHNIQUES

Category	Usual Terminology	Techniques used
1. Questioning	Survey	People such as customers experts, salesman and executive's opinion on future sales.
2. Observation	Extrapolation	Past sales overtime, including trends.
3. Statistical analysis	Regression	Past relationship between the dependent variables and the independent variables. Both simple and multiple regression techniques used.
4. Experimentation	Test Marketing	Experiments done in selected markets. The sales in these markets are then used to forecast product sales in other markets.

A) Market segmentation

Introduction and meaning : The total market for most of the products is not homogeneous but too much of heterogeneous because people have different needs, space, time, perception and value that ownership transfer is possible only when these difference are know and cared for. So to the marketing executive of a firm and understanding of its market and market dimension is undoubtedly very important. Therefore, the

whole market has to be subdivided to develop an understanding of its dimensions. This process of subdividing market is referred to as market segmentation.

Definition

Says, Stanton, "Market segmentation" consists of taking the total heterogeneous market for a product and dividing it into several sub markets or segments each of which tends to be homogenecus in all significant aspects."

"Market segmentation" according to Kotler, is the sub-dividing of a market into homogeneous subsets of customers where any subset may conceivably be selected as a market target to be reached within a distinct marketing mix. The power of this concept is that individual sell may prosper through creatively serving specific market segments whose needs are imperfectly satisfied by the mess-market offertings."

From the managerial stand point, market segmentation may be defined as sub-dividing of the targe market into sub-group of consumer population with identifiable distinct, and homogeneous characteristics with a view to develop and pursue distint and differentiated marketing programmes for each sub-group in order technique consumer satisfaction and the profit position of business.

Thus, in market segmentations, consumers are grouped in terms of market dimensions and then the firms attempts to match the needs of different consumer groups, through compatible marketing inputs encompassing, product, price promotion and distribution. It serves as a logical vehicle of implementing the modern marketing concept.

Bases for market segmentation

There are many ways to group customers in segmenting the market. Broadly speaking, we have two main approaches to idendify market segments; 1) People-oriented market segmentation. 2) Product-oriented market segmentation.

1. People-oriented approach : It is also called customer personal characteristic approach. We can classify the customers by many customer dimensions such as geographic characteristics. These are variables and they are independent of any product or service and the particular situation encountered by the buyer in making buying decisions. We try to find out the type of customer who will buy our products.

2. Product-oriented approach : It is also called customer response approach. The customer response or buyer behaviour may be considered in relation to product benefits, product usage, store patronage, and brand loyalty. We are interested in the differences of buyer behaviour and we want to know why consumers buy a certain product.

Customer's personal characteristics

1. Geographic location and mobility : Geographic location it she usual and popular basis for market segmentation. Distinction between urban and rural markets is still of great importance in India. Now we have further distinction between the behaviour of city families and that of suburban families. We know that urban population is better.educated, will higher incomes and shows greater mobility. Rural population has less education; lower income and it is not so mobile. Urban people are willing to buy new and novel is not so mobile. Urban people are willing to buy new and novel things. Rural people are not innovators to that extent. Marketers are interested more in city and suburban population as

we have highly concertrated population in metropolitan areas. Marketers are however, expected to take greater interest in rural markets in a country like India where more than 70 pc. of population is found in rural areas and people in the rural areas also have growing purchasing power.

2. Demographic and socio-economic characteristics : Demography is the study of population. Demographical characteristics are sex, age, marital, status, number and age of childern, place of residence and mobility of a household. Socio-economic characteristics are income, education, occupation, family life-cycle, social class, religion and culture. In the case of frequently bought consumer, goods e.g. tea, coffee, toothpaste, soap, detergents etc., We use these demographic and socio-economic variables in segmenting the markets.

Sex and age : Male-female buying behaviour shows remarkable differences. Roles of men and women are also considered while segmenting the market. The recent interest with the teenage and youth market clearly demonstrates the importance of age as the variable characteristic in market segmentation. Pattern of expenditure also shows differences in different age groups.

Note : The market is divided by three characteristics 1) age 2) sex and 3) income.

Family life cycle : Family life cycle is a complex variable and is difined in terms of age, marital status, age of housewife and present age of children. Buying behaviour changes with the stages of the family life cycle. Investigations have proved that the family-life cycle exercises deginite influence on consumer behaviour with reference to purchase of durable as well as non-durable goods.

Social class : Consumers may differ from one another, with regard to possession of scarce and valued things such as money, knowledge, or skills. The concept of social class is used to describe these differences. Social class is also a complex variable. It is based on income, occupation education and place of residence. Social classes are relatively permanent homogeneous divisions in our society and each social class indicates similar life styles, values, interests and behaviours. Broadly speaking, we have at least three social classes-upper class middle class and lower class in every society.

Religion, race and culture : Religion, race and culture are also used as bases for segmentation. They can explain regularities and diversities in human behaviour.

3. Psychographic characteristics

Personality : Personality is the individual's consistent reactions to the world about him. Personality tests attempt to measure such characteristics as dominance, aggressiveness, objectivity, achievement, motivation, etc., which may influence the buyer behaviour. Personality variables are closer to explain the reasons why people buy than demographic and socio-economic variables. However, the predictive power of personality veribales regarding buyer behaviour can be increased by considering them with life style variables.

Life Styles : Life style concept is also considered as another important variable determining buyer behaviour. Life style reflects the overall manner in which persons live and spend time and money. It is behavioural concept enabling us to grasp and predict buyer behaviour. Life style concept has interdisciplinary approach as it involves sociology, culture psychology and demography. Life style concept as a basis for segmentation is quite reasonable and desirable. However, in the

absence of any theory of life style, this concept has little operational utility in any segmentation study. Life style can be measured by the products the person consumes and by the person's activities, interests, opinions, and values.

CUSTOMER PERSONS (Product-oriented approach)

Use Pattern : The use of the total consumption of a family unit for a given product may act as a basis of segmentation. A buyer may be classified as heavy, medium, light users and non-users. Marketer is usually interested in heavy users. If heavy users can be identified, the marketing effort can be concentrated on this segment of the market. Usual information can be combined with other characteristics of heavy users such as age, income level, family life cycle, stage and education level in order to secure relationship between heavy users and promotion devices like media preferences.

Benefits pattern : Benefits segmentation gives emphasis on wants and desires of consumers. Benefits sought by consumes are the basic reason for the very existence of the market segment. It is obvious that people buy a product primarily to secure expected benefits. Customer satisfaction directly depends upon product benefits, e.g., economy, performance, style, durability, status, product appearance, taste, flavour etc. First consumers are grouped on the basis of demographic, socio-economic characteristics to secure better understanding of each segment and then only we can have appropriate marketing mix for each segment.

Brand/store loyalty : Customer loyalty may be used as a basis for market segmentation. Loyalty segmenation enables marketer to tailor the promotional content and product appeal to retain the loyal

customers, to attract new customers from rival brands or to convert non-loyal into loyal buyers. Requirements of/or criteria for segmentation

Requirements of/or criteria for segmentation

For market segmentation to be worthwhile four criteria, viz. identity, accessibility, responsiveness, and size, must be satisfied :

1. Identity : The marketing manager must have some means of identifying members of the segment i.e., some basis for classifying an individual as being or not being a member of the segment. There must be clear differences between segments. Members of such segments can be readily identified by common characteristics which display similar behaviour.

2. Accessibility : It must be possible to reach different segments in regard to both promotion and distribution. In other words, organisation must be able to focus its marketing efforts on the chosen segments must be accessible in two senses. Second, they must get these products to them through distribution systems at a reasonable cost.

3. Responsiveness : A clearly defined segment must react to changes in any of the elements of the marketing mix. For example if a particular segment is defined as being cost-conscious, it should react negatively to price rises. If it does not this is an indication that the segment needs to be re-defined.

4. Size : The segment must be reasonably large enough to be a profitable target. It depends upon the number of people in it and their purchasing power. For example, makers of luxury goods may appeal to

small but wealthy target markets whereas markers of cheap consumption goods may sell to large numbe of persons who are relatively poor. The idea is that enough potential buyers must exist to cover the costs of production and marketing required in that segment.

Degrees of segmentation

Segmentation of market is generally consistent with the changing needs of the population. Consequently, and one of the following kind of segmentation may be practiced by marketers :

a) Partial market segmentation, where the entire market is divided along broad, categorical lines. For example, in the automobile market, one consumer will be looking for station wagon, or jeep, another may want to buy a car run by diesel or a light vehicle like a scooter or Luna cycle. In such situations, some manufactures market separately to each group.

b) Extreme market segmentation , occurs when marketers tail their product to the specialised needs of a selected few customers. This type of segmentation occurs particularly in luxury industries, or female garments.

c) Market aggregation, is often practised by a company that is production - oriented. Here the entire market is treated as a single homogeneous unit, whose parts are all uniform. In such segmentation, marketers develop one product and on marketing designed to reach as many customers as possible. It enables a company to maximise it production on a large scale at a low cost, and make its production economical. Examples of such market are markets for blankets, suitings, refigerators, radios, cycles, etc.

Benefits of market segmentation

It properly used, market segmentation can be of benefit to the company, the consumers and the community. Generally, it offers the following benefits.

1. A more precise definition of a market : Segmentation improves a company's understanding of why consumers do or do not buy certain products. By knowing this, the company can make adjuslment to meet changing market demands.

2. A more efficient marketing programme can be prepared to satisfy the needs of the consumers, if the company understands the consumer's needs.

3. Better assessment of the strengths and weagnesses of the Competitor : If the competing product is deeply entrenched in one segment, then efforts may be made to capture new market rather than waset the resources on the older one.

4. Better allocation of marketing resources : If the market segment is clearly identified, promotional appeals can be coordinated effectively and the marketer may decide how much marketing funds may be allotted to different segments

MANAGING PRODUCTS

Product / Meaning

Consumers buy different kinds of products so as to satisfy their needs. It is the starting point of all marketing activities. In a very narrow sense, a product is simply a set of tangible physical and chemical attributes assembled in an identifiable and readily recognizable form In broader sense it recognizes each separate brand as a separate product.

Stanton says. "a products is a complex of tangible and intangible attributes, including packaging, colour, price manufacturer" prestige, retailer's prestige and manufacturer's and retailer's service which buyer may accept as offering satisfaction wants or needs."

From this it is clear a products is readily more than its physical attributes. A product must fulfil the wants of the buyer for which he is buying. The buyer must get utility and satisfy his needs from the product

According to Alderson, "product is a bundle of utilities consists of various product features and accompanying services.

The bundle of utilities consists of those physical and psychological satisfaction that the buyer receives from the seller at the time of buying the product and the seller gives to the buyer at the time of selling a particular combination of product features and associated services

A product is anything that one receives as an exchange transaction. It is a complexity of tangible and intangible items including functional

psychological and social utilities. This product can be an idea, service good or any eombination of these three. It includes goods and supporting services such as installation, guarantees, production information and promise of repair.

Essential features of product

1) Tangible attributes

To be called a product, an item should have the characteristics of tangibility. It means it may be touched, seen.

2) Intengible attributes

It may be intangible in the form of a service. These services may be bought independently or may be associated with tangible product.

3) Associated attributes

Product may have associated attributes to facilitable its identification and acceptance by buyers. Such attributes may be a brand, package, warrantly, credit and delivery terms.

4) Exchange value

For marketing purposes, every products whether tangible or intangible should have an exchange value and should be capable of being exchanged between buyer and seller for a mutually agreed or acceptance consideration.

5) Consumer satisfaction

From the marketing point of view products should have the ability to deliver value satisfaction to consumers for whom these are intended.

6) Business need satisfaction

In order to be product, an item should have the attribute of satisfying a business need. The basic business need obviously is to earn profit on the product sold.

Product Mix

A Product mix is the set of all product lines and items that a particular seller offers for sale to buyers.

Product items

Product item is a specific version or a product that has a separate designation in the seller's list.

Product line

A product line is a group of products that are closely related, either because they function in a similar manner, are sold to the same customer groups, are marketed through the same types to out lets or fall within given price ranges.

Product line length decision

Product line mangers have to decide on product line length. The length is too short if the manager can increase profits by adding items; the line is too long if the manager can increase profits by dropping items.

The issue of product line length is influenced by company's objectives. Companies that want to be positioned as full companies and are seeking high market share and growth will carry larger lines Product lines tend to lengthen overtime. Excess manufacturing capacity will put presume on the product line manage to develop new items. The sales force and distributors will also put pressure on the manager for a some complete product line to satisfy their customers. The product line manager will want to add items to the product line in pursuit of greater sales and profits.

Lengthening of product lines and several cost rise

1) design and engineering costs,

2) inventory-carrying costs.

3) manufacturing change over costs,

4) order processing costs,

5) transportation costs, and

6) promotion costs to introduce new items.

Eventually someone calls a halt to the mushrooming product line. Top management may freeze things because of insufficient funds or manufacturing capacity. There will be a large number of moneylosing items, and they will be prouned from the line in a major effort.to increase profitability.

Product line-stretching decision

Every company's product line covers a certain range of the total range offered by the industry as a whole. Line stretching occurs when a company lengthens its product line beyond its current range. The company stretch its line downward, upward or both ways.

Downward stretch

Many companies initially locate as the high end of market and subsequently stretch their line dowmward. A company may stretch downward for any of the following reasons.

1) The company is attacked at the high end and decides to counter attack by invading low attack.

2) The company finds that slower growth is taking place at the high end.

3) The company initially entered the high end to establish a quality image and intended o roll downward.

4) The company adds a low end unit to plug a market hole that would otherwise attract a new competitor.

In making downward stretch, the company faces some risks. the new low-end item might affect higher end items, leaving the company worse off.

The low-end item provoke competitions to counter act by moving into the higher end.

The company's dealers may not be willing to handle the lowerend product.

Upward stretch

Companies at the lower end of market may want to enter he high end. They may be attracted by a faster growther rate or higher margin at the higher end or they may simply want to position themselves as full time manufacturers.

An upward stretch decision can be risky. The higher end competitors not only are well trained buy may counter-attack by entering the lower end of the market. Prospective customers may not believe that the new comer can produce quality products. Finally the company's sales representative and distributors may lack the talent and training to serve the higher end of the market.

Two-way stretch

Companies in the middle range of the market may decide to stretch their line in both directions. It is to gain the benefits from both types of stretch and to overcome from the defects.

Product line filling

A product line can also be lengthened by adding more items within the present range of the line. There are several motives for line filling They are .

1. reaching for incremental profits.
2. trying to satisfy dealers who complan about lost sales because of missing item in the line.
3. trying to utilize excess capacity.
4. trying to be leading full-time company, and
5. trying to plug holes to keep cut competitors.

Line filling results customer confusion. To avoid this, the company differentiate each item in the customers mind. Each item should posses a just noticeable difference. The company should make sure that new product items have a noticeable difference.

Product line modernization decision

In some cases, product line length is adequate but the line needs to be modernized. The issue is whether to overhaul the line piecemeal or in one fell swoop. A piecemeal approach allows the company to see how customers and dealers take the new style before changing the whole line. Piecemean modernization allows competitors to see changes and start redesigning their own line.

Brand

In developing and marketing strategy for individual products the seller has to confomt the issue of branding. Branding can add value to the product.

The word brand is comprehensive term and it includes other narrower terms. A brand is a name, term, symbol, or special design or some combination of these elements, that is intended to identify the goods or service of one seller or a group of sellers. A brand differentiates one seller's products or service from those competitors.

Brand name : It consists of word, letters, and/or numbers that can be vocalized.

Brand mark : It is the part of brand that appears in the form of symbol, design or distinctive coloring or lettering. It is recognized by sight but is not expressed in vocal.

Trade Mark : A brand that is given legal protection because under the law it has been appropriated by one seller.

Copyright : It is the exclusive legal right to reproduce, publish and sell the matter and form of a literary, musical, or artistic work.

Importance of branding

Brands make it easy for consumers to identify products or services. Brands also assure purchasers that they are getting comparable quality when they recorder.

For sellers, brands are something that can be advertised and that will be recognized when displayed on shelves a store. It also helps sellers to control their market share and reduces price comparisons. Finally, for sellors brnding can add a measure of prestige to otherwise ordinary commodities.

Reason for not branding

Many firm do not brand their products because they are unable or unwilling to assume two responsibilities inherent in brand ownership :

1) to promote the brand, and
2) to maintain a consistent quality of output.

Some items are not branded because of the difficulty of differentiating the product of are firm those of another, nails and raw materials,

coal, cotton, wheat are examples. The physical nature of some items such as fresh fruits and vegetables may discourage branding.

Characteristics of a good brand

A good brand should posses as many of the following characteristics as possible. It is extremely difficult, however, to find a brand that has all of them. A brand should.

1) Suggest something about the product's characteristics-its benefits use or action.

2) Be easy to pronounce, spell and remember-simple, short names.

3. Be distinctive.

4. Be adaptable to new products that may be added to the product line.

5. Be capable of being registered and legally protected nunder statutory or common laws.

Types of brands

1) Individual brand name

Each product has a special and unique brand name. The manufacturer has to promote each individual brand in the market separately. This create a practical difficulty in promotion. Otherwise, it is the best marketing strategy.

2) Family brand name

Family name is limited to one line of a product. Family brand name can help combined advertising and sales production. However if

one member of the family brand is rejected by consumers, the prestige of all other products under the family brand may be adversely affected. The manufacturers have to take extra-ordinary care to guard against this danger. Similarly, products exclusively for men and those specially for women should not be sold under the same family brand name.

3) Umbrella brand

We may have for all products the name of the company or the manufacturer. All products such as soaps, chemicals, textiller, engineering goods, etc, manufactured by the Tata concem will have the "Tata" as one umbrella brand. Such a device will obtain low promotion cost and minimise marketing efforts. The pulling effect for all products will be considerable when the company's name is outstanding and shining in the market. However, a single bad experience in any one of the line of products, may be very cangerous to the rest of the products sold under the umbrella brand.

4. Combination device

Each product has an individual name but it also has the umbrella brand to indicate the business house producing the product. Under this method, side by side with the product image, have the image of the organisation also Many companies use this device profitably.

5) Middleman's brand

Branding can be pone by distributors such as wholesalers, large ratailers. In India this practice is popular in the woollen, hostery, sports goods, and such other industries. It helps small manufacturers who have to rely on the middlemen for marketing. It is also used by big manufacturers, and they merely produce the goods as per specifications and requirements of distributors and he need not worry about marketing. Middlements enjoy more freedom in pricing products sold under their own brands.

Brands extension decision

A brand extension strategy is an effort to use a successful brand name to launch product modification or new products. Brand extension saves the manufacturer the high cost of promoting new names and create instand recognition of the new product. At the same time, if the new product fails to satisfy, it may hurt consumer's attitude towards the other products carrying the same brand name.

Brand repositioning decision

However, well a brand is initially positioned in a market, the company may have to reposition it later. A competitor may have launched a brand next to the company's brand and cut into its market share. Our customer preferences may have shifted, leaving the company's brand with less demand. While repositioning brand, the management weigh two factors :

1) The cost of shifting the brand to that segment.
2) The revenue that would be earned by brand in the new position.

PRODUCT PLANNING AND DEVELOPMENT

Product Planning : Meaning and Process

Meaning

Product Planning is the process of determining that line of products which can secure maximum net realization from the intended markets. It is an "act of making out and supervising the search, screening, development, and commercialization of new products; the modification of existing lines and the discontinuance of marginal or unprofitable items." The managerial decision making in this area centren around deciding the type of products company should develop and sell so that product serves as an instrument of achieving marketing objectives.

Product planning process

It is, therefore, suggested that in a company every new product formulation should undergo a customer-oriented product planning process.

Customer-oriented product planning process reveals that it is composed of a sequence of six activities, namely :

1) Idea generation 2) screening 3) business analysis 4) product development 5) test-marketing 6) commercialisation

Idea generation

The product planning process starts with the generation of product ideas. Product idea generation means fusion of a perceived need with the recognition of a technical opportunity" The preceived need may be new or old.

Sources of product ideas

Unorganised Sources : The product ideas, however, may emerge both in unorganised and organised ways.

Unorganised and haphazard product idea generation depends heavily upon the chance factor.

Organised sources : As such, it is always profitable to organise a product ideas generating system in a company Such a system may be structured in the manner best suited to company needs.

The product ideas may be procured from a variety of sources both from internal and external environment some of such sources are described below :

1) *Consumers*

In any business organisation consumers are a veritable source of product idea. These may relate to new product or may suggest improvements in the existing products to make them more satisfying. The transmission of such product ideas by consumers may be in the form of an expression of need through company's marketing research agencies or may be in the form of an expression of dissatisfaction with the current product performance through company's complaint-registering system. Whatever may be the mode of idea submission, the idea originating from consumers have better potential for success because of consumer's proximity to the product-use situation.

2) *Scientists and Technologists*

Scientists and technologists working in different scientific activities are also a very important source of new product ideas. Their continuous search for new scientific knowledge may provide important clucs for meaningful product development. These scientific activities may be organised under the banner of a company by establishment of a Research

& Development (R & D) division. Or, alternatively, the scientific research output may be gathered from the external environment of the company and scientific for product ideas. Such sources in the external environment may include state and industry's research institutions and universities.

3) Competitors, Salesman and Distributors

These three are also important sources of product ideas. Competitors often prepore themselves to out-manoeuvre their peers in the market by surprising new product introductions. By a carefully planned marketing intelligence system, in which salesmen and distributors may also be roped-in, a company may procure these product ideas and naturalise the competitive advantage planned by competitors. Salesmen and distributors are otherwise also very important sources of product deas because of their proximity to market and interaction with consumers.

4) Consultants

The consultants engaged by a company to advise on company problems is a good source of product ideas. On account of their dealing with different kinds of clients they come across a variety of product lines and product problems. Without in any way compromising their professional integrity they can pase on some very useful product ideas while suggesting solutions to company problems.

5) Bankers

Development and commercial bankers in India like the Industrial Development Bank, Industrial Finance Corporation. State Financial Corporations, and public and private sector commercial banks, may also provide useful product ideas. They gather these ideas from the project and feasibility reports received by them as also from the interaction with their borrowers. During the course of their dealings with such bankers, company executives may obtain important lead about product ideas.

6) Patent's Office

New discoveries and invention are often patented by their owners with the Registrar of Patents. A company may get valuable product ideas from the information sought from the Registrar's office. This information may relate to the new patents registered and those which have expired. In case of the former, company may attempt to secure manufacturing licence from the patent owners where a in the latter case, it may think of going for production of a new product without in any way infringing the Patent Act.

7) Foreign Sources

Foreign sources of new product ideas are generally international trade fairs and exhibitions and technical collaborators. Fairs and exhibitions visited by company executives and scientists expose them to the new ideas. Foreign technical collaborators provide both the product idea and the necessary know how to convert it into a product. In India many manufacturing companies have received important product ideas form their collaborators.

Screening

After product ideas have been generated from different sources, including marketing research, the next step in the sequence of product planning activities is screening of these ideas. Screening means critical evaluation of product ideas generated by a company. The purpose of screening is to abandon from further consideration those product ideas that are incompatible with objectives and constraints. Every product idea should therefore, conform to objectives-both company and marketing.

The Objectives to which product ideas are usually expected to confirm include, namely, consumer need satisfaction, sales volume, profitability, market share, company image, etc.

Similarly, the constraints to which product ideas are expected to confirm, include, technological know how, state regulations, operational scope as enshrined in the object clause of company's memorandum of association, and company strengths and weaknesses in the area of manufacturing, finance, marketing, personnel, purchasing etc. It is important because in real life situations companies always operate in the background of constraints. In India, for example, a company in the large industrial sector cannot execute a promising product idea if its development and commercialisation is statutorily reserved for small and/or cottage sectors or industry.

Screening methods

The single largest benefit of screening process for any company is that it saves company of the involvement in the subsequent expensive activities in the product planning process.

For the purpose of screening product ideas many methods have been suggested. However, two methods have received wide support from marketing managements. These include, check-listing and idea rating. These are briefly described hereunder.

Checklist

Checklists are widely used by marketers in the screening process. A checklist enumerate desirable product characteristics on a scale providing guidance to the screener. The experience of the screener may however, indicate the optimum point level which may be used to pass on ideas to the next stage for further consideration, the ideas which do not reach this optimum point level will be eliminated from further consideration.

Rating method

As an improvement over the checklist method, idea rating as a viable screening method has also received wide support from the

marketing people. Each product characteristic/factor is assigned a weight on the basis of their relative importance as judged by the screener.

Business analysis

Once product ideas successfully come out of the screening tests, they are passed on to the next stage of business analysis. Business analysis may be defined as an evaluation of product idea in depth with a view to determining its financial, competitive, manufacturing and marketing viability in a given set of business environment. It is relatively a more expensive exercise carried out at the brass-tacks level and is aimed at sifting out those ideas which promise profits and an early investment payback. The exercies involves projections of future demand, scales, costs, investments, and return there on. It helps management to have a preview of the product's complete profile before it can make any firm financial commitments.

Product development

The product idea after having been thoroughly screened and analysed in the preceding stages of product planning, is received in this stage for conversion into 'product'. It is in this stage that an idea gets the shape of a concrete product associated with all the necessary attributes on the basis of consumer specifications received from the preceding stage.

The purpose of this stage is to attempt to develop product prototype so as to ascertain whether the idea has the technical potential and the company has the necessary technology, whether existing, developed or procured, to manufacture product that will satisfy consumer and business need. By and large, it is a 'techno-commercial' job done by the engineering or research and development personnel of the company in close association with the product planning people. The whole product development task may be divided in to six broad jobs namely,

engineering, consumer preference testing branding, packaging, patenting and devloping a communication programme Out of these first two are important.

Engineering

The engineering aspect of the product development task involves, first, development of appropriate product drawings and designs/laboratory compounds, second, checking and rechecking them with the consumer specifications and, third building up a phototype that will work economically and efficiently. This is basically a technical job and is carried out in company workshop or laboratory. The focus of the whole job is to build up such a product prototype that approximates closely to the consumer product specifications.

Consumer preference testing

In consumer products like food items, toiletaries, cotton textiles, etc., consumer preference testing assumes importance. In consumer preference testing various combinations of product attributes developed by the company are tested on consumer groups so as to determine as to which combination of product attributes is perceived by consumers as having the desired attributes. The one which approximates closely to the perceived attributes is finally chosen for production.

Test marketing

Once the product prototype is engineered, consumer preference testing results are available, and tentative marketing programme is formulated, the product should normally be ready for mass production and distribution. But marketers usually do not hazard such a risk until they are quite sure of the positive market response. In order, therefore, to further narrow down the range of uncertainty inherent in such a decision companies prefer to test the product in the market and gather further

consumer reactions so as to bring about necessary changes in the components of the product and other aspects of the marketing-mix. Such pretesting of a product before it is mass produced and marketed is called test-marketing.

Test-marketing defined

Test-marketing has been defined as a "research technique in which the product under study is placed on sale in one or more selected localities or areas, and its reception by consumer and trade is observed, recorded and analysed". In this stage the new product and relevant marketing programme is tried out for the first time in well selected market segments under representative marketing environments.

This stage of product planning process is more relevant to consumer products relative to industrial products.

Commercialisation

The decision to commercialise a product idea is the end result of the whole process of product planning. However not all ideas that qualify for being processed successfully reach through to this stage; in fact a large number of product ideas die out in one or the other stages of the product planning process. Only those ideas which can sustain the rigours of various tests administered during the process really reach the stage of commercialisation.

Commercialisation of product idea may be defined as the process of finally deciding the product profile, building up requisite manufacturing and ancillary facilities and appropriate marketing programme in the background of the test-marketing results, and introducing the product in market for sale. Thus, the process of commercialisation involves some of the following activities.

Deciding product characteristics and package

Branding and trade marking

Building-up/procuring manufacturing facilities

Building up an appropriate marketing-mix

Introducing product in the market.

The activities named above involve enormous managerial time and corporate money.

Why new product fails?

Despite careful attention to details in product planning and development new product entering the market have very short life span and market failure occurs. Following are the reasons given for failure of new products

1) Inadequate market analysis and market appraisal.
2) Insufficient and ineffective marketing support.
3) Bad timing of introduction of a new product.
4) Failure to recognize rapidly changing market environment.
5) Absence of formal product planning and development procedure.
6) Failure of the product planning and development procedure.
7) Technical or production problems.
8) Higher costs than estimated costs.
9) Products problem and defects.
10) Failure to estimate strength of competition.

11) Too many products entering the mareket.

12) Many products not new as expected by consumers.

Most of the reasons for failure or new products can be eliminated by the company itself. The faults for new product failure lie within the managerial control. Chances of success of new product has at least one advantage :

1) Product advantage or

2) Marketing advantage or

3) Creative advertising advantage.

PRICING STRATEGIES AND SETTING PRICES

Meaning of pricing

Price may be defined as the value of product attributes expressed in monetary terms which a consumer pays or is expected to pay in exchange and anticipation of the expected or offered utility. Price is, therefore a link that binds consumer and the company. It helps to establish a mutually advantageous economic relationship and facilitates the transfer of ownership of goods and services from the company to buyer.

Setting prices

Over the years, many different methods have been used by individual companies to establish base prices for their products. The price may be set or fixed in one of the three ways :

1) Prices may be based on total cost plus a desired profit
2) Prices may be based on a balance between market demand and cost of production and marketing i.e., marginal cost pricing
3) Prices may be set by competitive market conditions

1) Cost plus - a desired profit

In its simplest form cost plus pricing is setting the price of a unit of a product equal to the unit's total cost plus the desired profit on the unit Costs furnish a good point from which to start computing price. Management can determine a tentative price on a cost plus basis but then make adjustments in the cost plus price when it is able to measure demand factors. Cost plus is a weak and unrealistic method of pricing because it completely ignores the influences of competition and market demand. This is mostly used by retailing and wholesaling middlemen.

While this is a very simple and easily applied pricing method. It has one serious limitation. It does not account for the fact that there are different types of costs, and that these costs are affected differently by increase or decrease in output.

2) Marginal cost pricing

Under this method, price is so set that is covers only the marginal costs, and not the total costs. When new product is introduced, such method is usually adopted. By this method, labour may be kept employed even during slack seasons. However, this method cannot be followed for long as the fixed costs have also to be taken into consideration.

Break -even pricing

It involves developing tables or charts which will help a company determine at what level of output the revenue will equal the cost, assuming a certain selling price. Sales at levels above the break-even will result in a profit on each unit, and further above the break-even point, a firm goes, the higher will be the total and unit profit. Output below the break-even point will result in a loss to the seller. The point where the total revenue line and the total cost line interest is known as the break-even point. At this point neither profit is earned nor loss is sustained.

3) Pricing relative to competition

Every company adheres to some policy regarding the price of its products relative to those of competitors. If the price is the main basis of competition each company will price its products the same as the competitors. If there is non-price competition, pricing will still be done taking into consideration the competitor's price.

Pricing above competition

The seller may set higher than average price for his product to convey an impression that his product are above average quality. The buyer may pay this price in belief that it is of higher quality.

Pricing under competition

Many times sellers may price their product under the market price. Sometimes a firm has low costs because its product is of lower quality. and therefore, price of product is usually kept lower than those of the competitors. At other times, lower price may be substituted for promotional efforts used by its competitors. In both these cases, firms following this policy must either have very low costs or be willing to accept a very low profit per unit in the hope of radically increasing sales volume

Pricing strategies

The pricing strategies are to be decided by the management after it has the basic price for its product. This may take the following from.

1) Discounts and allowances

Discounts and allowances are granted on the basis that the customer will in return perform some marketing activities whose value to the seller will be equal to the amount of discount or allowance. These include quantity, trade, cash and seasonal discounts and promotional brokerage and freight allowances.

a) Quantity discounts

This type of discounts decuctions offered from list prices by a seller in order to encourage a customer to buy in larger amounts or to concentrate his purchase with this seller. Such discount may be non-cumulative discount or culmulative discount. The formet is offered on an indi

vidual order of one or more products. The later is based on total volume purchased over a period of time. These are partronage discounts because the more business a buyer gives to a seller, the greater is the discount. Either type of these discounts can be useo for selling related or unrelated products which are purchased by a single buyer. The slow moving item may be sold with more popular item, if some attractive discount is offered.

b) Cash discount

It is a deduction from price granted to the buyer by whole salers manuacturers as a means to observer punctuality in payments whether the payment may be of a bill which is not yet due or it may be a cast payment. The discount is calculated on the net amount due after first deducting trade and quantity discounts from the initial price.

c) Trade discount

It is allowed by manufacturers to wholesalers and retailers are in the nature of deductions from the list or quotations appearing in the catalogue of the firm. Trade discounts are useful in suggesting to the retailer the prices at which the manufactures or wholesalers think that merchandise should be resold to the customer, such discounts are some time used to deceive the buyer. This happens when the retailer agrees to order something for the customer which is temporarily out of stock but which is listed in the catalogue.

d) Seasonal discount

It is the deduction allowed in case of products which have only seasonal demand. Manufactures of electric fans, coolers or refrigerators, may allow a discount, if an order is placed during the slack season This type of order placing enables the manuacturer to level out to his production schedule and make better use of his facilities.

e) Promotional allowances

These are deductions allowed to buyers for undertaking promotional services. Promotional aids and materials for display may also be supplied to the buyer free of charge.

2) Geographic price strategy

When products are to be despatched by ship, train or truck, the management has to decide who is to pay the freight. This may be charged on the sellers or buyer or both may share st.

a) Uniform delivered pricing

Under it the same delivered price is charged from all buyers. Such pricing system is used where transportation costs are a minor charge on the seller's total cost structure.

b) Zonal delivered pricing

Under it, a seller's market is divided into a number of geographic zones, and a uniform delivered price is quoted within each zone.

3) One price versus variable price strategy

Under one price strategy, the product is offered at exactly the same price to all similar types of customers who purchase similar quantities of product under essentially the same terms of sale. Such a strategy builds customer confidence in the seller at all levels. Since prices are not negotiated with individual customers, selling time and hence selling costs is reduced. It provides uniform return from each sale made.

Under variable price strategy, similar quantities are sold to similar buyers at different prices. It is in common use where individual sales

transactions involve large sums, Such prices are offered when sellers want the business of certain customers. This strategy offers the seller flexibility in his dealings with different customers. But such strategy generates considerable ill-will when people know that some buyers acquired the product at lower prices.

4. Price lining

It is found more commonly among retailers than among whole salers or producers. It consists of selecting a limited number of prices at which the retailer sells his product.

The price lining has attractions both for the consumer and the retailer. The consumer's buying decisions are simplified, since the number of prices from which he must make a selection is limited. The retailer finds the strategy attractive because it helps him plan his buying.

5. Guarantee against price decline

Dealers in seasonal goods sometimes give guarantee to the purchaser against fall in prices after receiving orders. Such guarantee may take either of the following forms.

a) The guarantee against decline in prices until the date of shipment of an order which has been received for future delivery.

b) It may extend until the date of delivery or to a fixed date.

c) It may cover the period which must normally elape until goods are sold, and

d) It may refer not to the selling price of the purchaser, but to the future selling price of the one who gives the guarantee.

In all these aforesaid cases, the seller undertakes to give a rebate or compensate the consumer or buyer, if the price declines.

6) *Maintenance of price*

Some manufacturers want control over the prices at which retailers resell the manufacturers product. For some producers who follow a strategy or providing suggested list prices, the price is just a guide for retailers. It is a list price on which discounts may be computed. Normally, strict enforcement of the suggested list price is possible only when a manufacturer sellers to relatively few retailers and they want very much to carry the product.

CHANNEL MANAGEMENT AND PHYSICAL DISTRIBUTION MANAGEMENT

Channels of distribution

Distribution means to distribute, spread out or disseminate In the field of marketing, channels or distribution indicate routes or pathways through which goods and services flow or move from producers to consumers. The route or channel includes both the manufacturer and the ultimate consumer as well as all intermediaries. These components are linked in the channel system by one or more of the marketing flows, such as transfer of title or ownership, physical movement of merchandise, transmission ... marketing information and the flow of money in the form of payment of prices and other dues.

Definition

Every producer seeks to link together the set of marketing intermediaries that best fulfil the firm's objectives. This set of marketing intermediaries is called the marketing channel or trade channel or channel distribution."

- Philip Kotler

American Marketing Association defines a channel of distribution as "the structure of intra-company organization units and extra ordinary company agents and dealers, wholesale and retail, through which a commodity, product or service is marketed."

According to Cundiff and Still, it is a path traced in the direct or indirect transfer of title to a product. as it moves from a producer to ultimate consumers or industrial users."

The distribution channel is defined formally by S. A. Serleker as the set of marketing insitutions participating in the marketing activities involved in the movement or the flow of goods or services from the primary produced to the ultimate consumer.

Components of channel

Marketing institutions considered as channel components are :

1) All kinds of merchant middlemen such as wholesalers and retailers :

2) All kinds of agent middlemen, such as commission agents, factors, brokers, warehouse-keepers and so on.

3) All other facilitating agencies such as common carriers, bankers advertising agencies and so on.

Functions by marketing institutions

Channel of distribution are best understood as alliances of various marketing institutions performing specific marketing functions. There are five important marketing functions performed by marketing institutions in the machinery of distribution

1) The searching out of buyers and sellers.

2) Matching of goods to the requirements of the market.

3) Persuading and influencing the prospective buyers to favour a certain product and its sponsor.

4) Pricing the product or service in such a manner that it is acceptable to the buyers and it can ensure effective distribution, and

5) Transport and warehousing at each stage in the process of distribution

Sub-divisions of distribution system

Distribution system has two sub-divisions, 1) channel of distribution 2) Physical distribution.

1) Channel of distribution

It Consists of the channel members such as mercantile agents. wholesalers and retailers. Such middlemen are specialised in one or few marketing functions. These middlemen facilitate the process of exchange and create time, place and possession utilities.

2) Physical distribution

It looks after physical handling of goods and assure maximum customer service. It aims at offering delivery of right goods at the right time and right place to customers. It covers -

a) Order processing
b) Handling of goods
c) Packing
d) Warehousing
e) Transportation
f) Inventory control and
g) Customer service.

Routes used for bringing the products

The most common routes used for bringing the consumer products in the market from the producer to consumer are as follows.

1) Manufacturer - consumer - (Direct channel).

2) Manufacturer - retailer - retailer - consumer.

3) Manufacturer - wholesaler - retailer - consumer.

4) Manufacturer - agent - wholesaler - retailer - consumer.

5) Manufacturer - wholesalers - consumer.

Channel for industrial products

Industrial goods are distributed by manufacturers through four important channels.

i) Producer-industrial user (Direct).

ii) Producer-industrial distributor-user.

iii) Producer-agents - users.

iv) Producer-agents-industrial distributors-users.

Determination of channel length

Channel of distribution may be classified into two categories, short and long.

A short channel is where few middlemen are involved in the marketing of the product, In such a channel, the product moves from a producer directly to consumer.

On the otherhand, a long channel is where the product moves from a producer to agent, to another agent, to a merchant wholesaleer. to a retailer and finally to the consumer.

The marketing management has to decide the length of the channel of distribution, keeping in view certain factors. The factors are :

1) Market concentration

Short channel is to be used in a high density market area than in a low density market area, for in the former case, more calls per day can be made by the salesmen so that their expenses could be covered in a better way. On the other hand, If customers are scattered over a wide area; long channels would be more desirable.

2. Order size

When the value of the order received is low, long channel need be utilized. Processing many small orders at the company's plant is usually a costly way to distribute goods. Other middlemen, accustomed to buying in large quantities and then breaking bulk, is cheaper for the company.

3) Technical product

The greater the technical aspects of the product, the more likely are short channels to be used. Where technical knowledge or technical sales service is needed, the number of middlemen between the manufacturer and customer, should be as few as possible.

4) Size of the product line

The broader the product line, the shorter the channel should bert. The producers of simple product find it difficult to sell directly to the customer. Salesmen may not be able to sell a large enough quantity on each call to cover the expense of the call.

5) Gross margin

The higher the gross margin, the greater is the opportunity for using a short channel. Products that can be priced so as to support the costs of selling direct from manufacturer to customer can support shorter channels.

6) Unit value

The larger the unit value of a product the shorter the channel.

7) Financial resources

When the manufacturers have lesser financial resources, they generally use long channels.

8) Resale price maintenance

Shorter channels are usually preferred where the producer wants to maintain control over the pricing of the product. In dealing with price, advertising, or distribution, a manufacturer can better control how, which, where and to whom his product will be sold, if he maintains close surveillance of his product.

9) Product charactristics

Long channels are desirable for goods which are frequently purchased, but where goods to be sold are speciality or shopping goods, or where goods of perishable nature and also goods which rely on fashion and those requiring complex servicing short channels are preferred.

10) Location

Where the location of the firm is near the customer, short channel is to be used so that better results could be got.

Channel choice

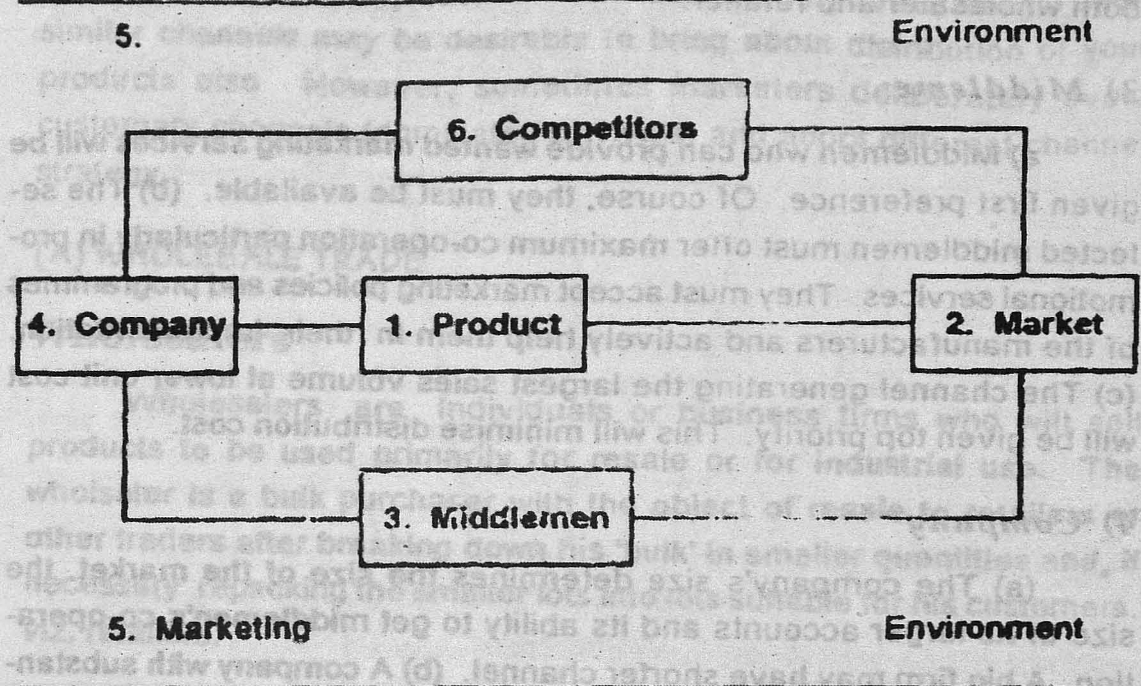
The problem of selecting the most suitable channel of distribution for a product is complex. The most fundamental factor for channel chioce and channel managements is economic criteria, viz, cost and profit criteria. Profit organisations are primarily interested in cost minimisation in distribution and assurance of reasonable profit margin.

The following are critical factors followed to choose the channel.

1) Product

(a) If a commodity is perishable or fragile, a producer prefers few and controlled levels of distribution. For perishable goods speedy movement needs shorter channel or route of distribution. (b) For durable and standardised goods longer and diversified channel

DETERMINANTS OF CHANNEL CHOICE



may be necessary (c) For custom made product direct distribution to consumer or industrial user may be desirable (d) Systems approach need package deal and short-channel serves the purpose (e) For technical product requiring specialised selling and serving talents, we have the shortest channel, (f) Products of high unit value are sold directly by travelling salesforce and not through middleman.

2) *Market*

(a) For consumer market, retailer, is essential whereas in industrial market we can eliminate retailer. (b) If the market size, is large, we have many channels, whereas in a small markets, direct selling may be profitable. (c) For highly concentrated markets, direct selling is enough but for widely scattered and diffused markets, we must have many channels. (d) Size and average frequency of customer's orders also

influence the channel decision. In the sale of food products, we need both wholesaler and retailer.

3) *Middlemen*

a) Middlemen who can provide wanted marketing services will be given first preference. Of course, they must be available. (b) The selected middlemen must offer maximum co-operation particularly in promotional services. They must accept marketing policies and programmes of the manufacturers and actively help them in their implementation. (c) The channel generating the largest sales volume at lower unit cost will be given top priority. This will minimise distribution cost.

4) *Company*

(a) The company's size determines the size of the market, the size of its larger accounts and its ability to get middlemen's co-operation. A big firm may have shorter channel. (b) A company with substantial financial resources does not rely too much on the middlemen and can afford to reduce the levels-of distribution. A weaker company has to depend on middlemen to secure financial and warehousing reliefs, (c) New companies rely heavily on middlemen due to lack of experience and ability of management.

5) *Marketing environment*

Marketing environment can also influence the channel decision During recession or depression, shorter and cheaper channel is always preferable. In times of prosperity, we have a wide choice of channel alternatives. Technological inventions also have impact on distribution. The distribution of perishable goods even in distant markets become a reality due to cold storage facilities in transport and warehousing. Hence, this led to expanded role of intermediaries in the distribution of perishable goods.

6) *Competitors*

Marketers closely watch the channels used by rivals, Many a time, similar channels may be desirable to bring about distribution of your products also However, sometimes marketers deliberately avoid customary channels (dominated by rivals) and adopt different channel strategy.

(A) WHOLESALE TRADE

Wholesalers

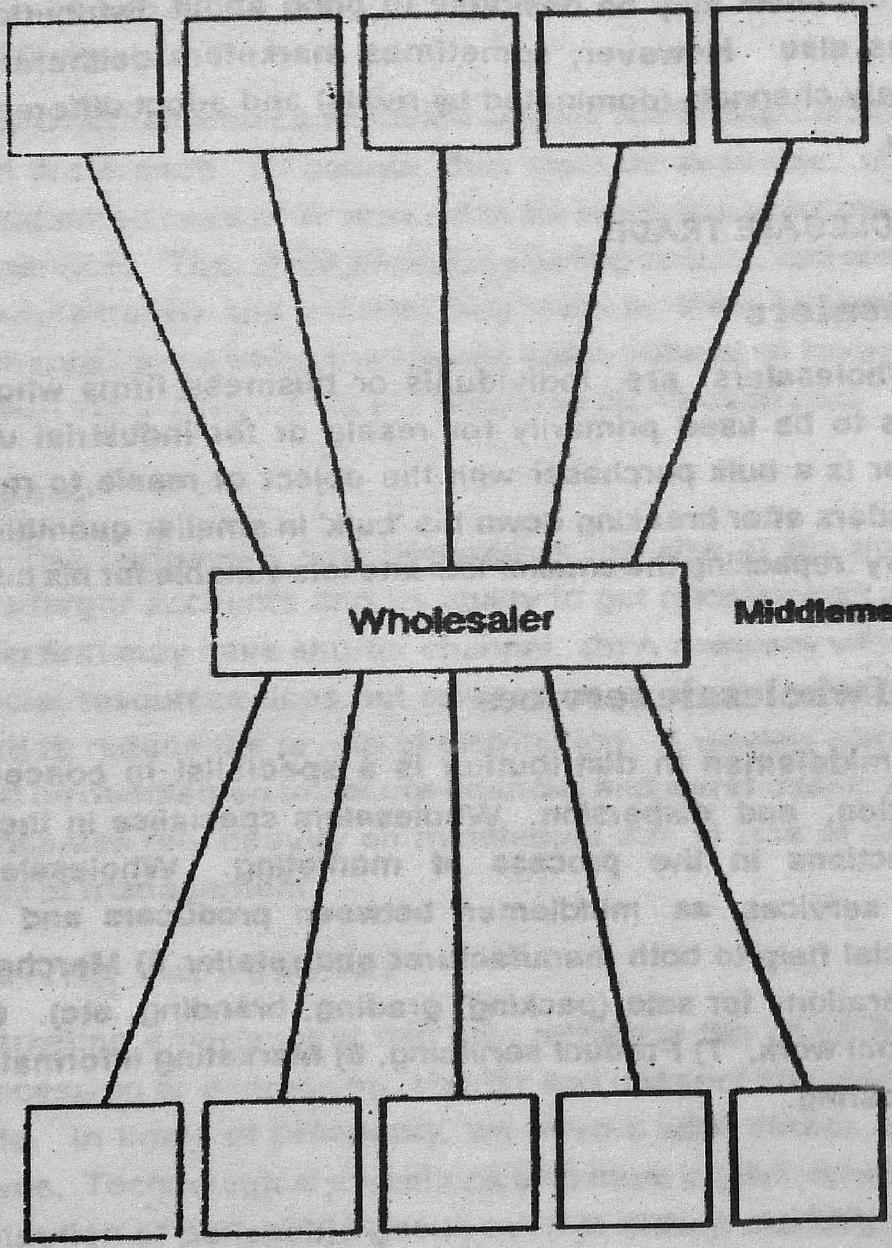
Wholesalers are individuals or business firms who will sell products to be used primarily for resale or for industrial use. The wholsaler is a bulk purchaser with the object of resale to retailers or other traders after breaking down his 'bulk' in smaller quantities and, if necessary repacking the smaller lots into lots suitable for his customers. viz, retailers.

Typical wholesale services

A middleman in distribution is a specialist in concentrationl equalisation, and dispersion. Wholesalers specialise in these three vital functions in the process of marketing. Wholesalers offer typical services as middlemen between producers and retailers 4) Financial help to both manufacturer and retailer 5) Merchandising. i.e. preparations for sale (packing; grading, branding, etc). 6) Sales promotional work, 7) Product servicing, 8) Marketing information, and 9) Risk bearing.

Marketing through Merchant Wholesalers

Manufacturers



Middlemen Role

Retailers

services to the manufacturer or producer

1) *Order collector*

Retailers are usually scattered, their orders are small and they are too many in number. The wholesaler acts as order collecting and marketing agency for the manufacturer. The manufacturer can, therefore, concentrate on production and need not worry about distribution

2) *Risk transfer*

A wholesaler usually places huge advance orders on the manufacturer. Thus the manufacturer is insured for sale or disposal. He need not carry large stocks and can concentrate fully on manufacturing goods as per order of the wholesaler. The manufacturer is, therefore free from bearing of risk or loss.

3) *Concrete relief*

The wholesaler's organisation can be used by the manufacturer for disposal of his goods. The manufacturer need not maintain huge sales organisation for collection of numerous orders and dispatching many small parcels of goods to scattered retailers. The manufacturer need not grant credit to retailers, Wholesalers do not demand credit from the manufacturer and sometimes they make advance payments to small manufacturers. Thus, the manufacturer enjoys financial relief and employs his capital for more productive purposes, viz., expansion of his manufacturing activities.

4) *Expert advice*

The wholesaler knows the pulse of the market. He can secure first-hand information of consumer's through the retailer's order. The wholesaler's order on the manufacturer can act as an indicator of trend of demand or of public taste. The manufacturer can regulate his production activity in the light of this trend and can bring about necessary modifications in his product so that it will give the desired satisfaction to the consumer.

Services to the retailers

1) No need to hold large stocks of varied goods

A retailer has to maintain adequate stocks of varied commodities especially if his turnover is not quick and has relatively large number of customers. He encounters two difficulties in holding large stocks of each type of commodity. One is dearth of capital and the other is lack of space. Hence, he cannot maintain adequate stocks of varied articles. Under such circumstances, the wholesaler's warehouse acts as reservoir or a constant source for retailers to draw their supplies as and when they require. Thus, the wholesaler gives a retailer definite assurance to replenish or refill his stocks at frequent intervals. The retailer gets considerable financial relief and need not lock up his capital. He can carry on his business with less amount of capital.

2) Prompt delivery of goods

In the absence of the wholesaler, the retailer may have to wait for a long time for the execution of his order or he may have to place advance orders on the manufacturer. When the wholesaler is present, supplies to the retailer will be available more quickly as the goods are in his warehouse almost ready for delivery. Thus, the retailer prompt delivery of goods.

3) Benefits of specialisation

The wholesaler performs marketing functions for the retailer also. A retailer will buy from the best wholesaler who in turn will secure supplies from the best manufacturer. Some of the advantages of specialisation can be passed on to the retailers. A retailer carries varried stocks, therefore, he cannot claim expert knowledge of market conditions for each article. The wholesaler specialises in one line of goods and knows the pulse of the market. Therefore, he can advise the retailer when to buy, how much to buy at a time. He can also guide him regarding the quality of the product.

4) Announcement of new products

The wholesaler informs the retailer about the arrival of new goods. The new products may be advertised by the manufacturer. They may be kept in the showroom and his travelling salesman may create demand through personal salesmanship. The wholesaler may help the retailer in efficient window display of the new products in his shop.

5) Grant of credit

Wholesalers grant credit to their permanent customers. Average size of the retailer's order is large and the order may be placed on different departments of the wholesaler' organisation. Secondly, the retailer makes frequent purchases and cash settlement for each purchase may lead to inconveniences and waste of time. Hence, the wholesaler usually grants monthly or quarterly credit and sends periodical statements of account to the retailers who are granted credit facilities. Such financial help increases in effect the working capital of the retailer.

B) RETAILERS

Reatiling is a trading activity directly related to the sale of goods of services to the ultimate consumer for personal, non-business use. A retailer is the last middleman in the machinery of distribution and he is responsible to satisfy recurrent wants to consumers. Retail trade is selling of varied goods in small quantities to the final consumer. There are three distinguishing features of retail trade. The retailer deals in small quantities and his business is usually local in character. Secondly retail trade always shows tendency towards variety as it has to satisfy innumerable wants of consumers. A specialized retail shop is an exception. Thirdly a retailer, by operating near about the residential areas of consumer, sells his wares directly to consumers.

Functions of retailers

The following are the functions and services of all kinds of retailers :

1) A retailer aims at giving maximum local convenience to consumers. In every residential locality we have a full set of retailers to satisfy our daily wants.

2) Consumers need not store the commodity beyond their normal requirements. Any article in any quantity is always available on demand at the retailer's shop.

3) A retailer usually maintains wide variety of stocks. He may have all popular brands of one article. Thus consumers are provided variety of choice and hence selection becomes easier for them.

4) Through personal salesmanship, window display and demonstration, a retailer attracts customer's attention to new goods and supplies information about the arrival of new goods. A new demand can be created for novelties.

5) A retailer sells not merely the goods but service to the customers. He wants to establish permanent and continuous relationship with consumers. For this he gives reliable advice and guidance to customers.

6) In relation to producers and wholesalers, retailers act as the last outlet for distribution of goods within the country. A retailer is the connecting link-between the wholesaler and the consumer. Individual sales in small quantities is the responsibility of the retailer. In the absence of retailers it would be impossible to distribute goods to ultimate consumers and most of our wants will remain unsatisfied. In short, the entire trade will be paralysed.

7) Retailers are absolutely essential in meeting daily demands of consumers for fresh foodstuffs, vegetables, fruits, milk, etc.

8) Personal services offered by retailers to their regular customers assure individual satisfaction. Retailers help customers in making wise selection of goods.

9) Specialised retailers offer durable and costly consumer goods on instalment sale basis. Even ordinary retailers give credit to their regular customers.

10) Retailers have personal contacts with the consumers and users of products. They can easily provide feedback information to wholesalers and manufacturers on the latest changes in consumer wants and preferences.

Type of retailers

Small scale retailers

1) Itinerant retailers

They are represented by hawkers, pedlars, street vendors, stall holders in fairs and exhibitions. In this form of retail trade, the seller has no fixed locality, but carries his goods from place to place. This form of trade is very old. The hawker is a very familiar figure in our villages and towns. Sometimes carrying goods, on a wheeled carriage. The following are the prominent features of such modile retailers : 1) No fixed place of business 2) Require little capital and limited organising effort. 3) Keep limited stocks on hand and yet quick turnover. 4) Offer greatest convenience to consumers by giving delivery of goods at the door of the consumer, 5) Easy to start with minimum establishment expenses. 6) Suitable for the sale of perishable articles such as vegetables, fruits, milk, bread, eggs, etc.

2) General or special shop

A small retail shop may be general shop having a wide variety of goods or it may specialise in a particular line of goods. Grocery shops and provision stores are general retail shops, while a radio and jewellary shops are specialised ons.

Large scale retailers

The large-scale retailers are : 1) Mail order business, 2) Consumer's co-operatives, 3) Vending machines, 4) Discount Houses.

5) Self-Service Stores, 6) Supermarkets, 7) Department Stores, 8) Multiple Shops or Chain Stores, and 9) One Price Stores.

1) *Mail order sale*

Standardisation, grading, branding and packaging brought about the growth of mail order sale, i.e., selling or shopping by post-described an 'arm-chair shopping.' The seller approaches the prospects by mail publicity, i.e., sending circulars, price-list, catalogue, booklets, pamphlets, samples, etc., through the post office-Up-to-date mailing list is maintained. All selling is done invariably through regular advertisements and direct mail publicity. Sometimes, local agents are also employed for order collection, execution as well as collection of dues, when sale is by instalments. However, usually orders are collected as well as executed through the mail by V.P.P.

2) *Consumer co-operative stores*

Just as multiple shop system is an instrument in the hands of a manufacturer to eliminate all middlemen in distribution. Similarly, a co-operative store is an organisation owned, managed and controlled by consumers themselves to reduce the number of middlemen and their commission.

3) *Vending mechine*

The coin-operated vending machines are used as a complementary form of retailing many goods and services, e.g., sale of cigarettes, soft drisks, hot beverages, candy, chocolates, platform tickets, milk, etc , and services such as laundering and insurance policies. Thus, well know, presold, pre-packed brands with a high rate of turnover can be sold successfully by vending machines. The goods should be reasonably low in value, small and uniform in size and weight.

4) *Discount houses*

The latest addition to the various types of retailers is the so called discount house which brought about a revolution in retailing since 1950. The discount houses are large retail stores, freely open to the public, advertise widely, stocked with-known brands of hard goods e.g. appliances, home furnishing, sports goods jewellery etc. They delineratety and consistently self their goods below the advertised list prices.

5) *Supermarket*

A supermarket is a novel form of retail organisation specialising in necessaries and convenince goods. Usually it concentrates on all food articles groceries, meat, fruits, vegetable and tinned products Non-food items sold by these stores should satisfy a few conditions Firstly, is must be widely used and must appeal to general consumers. Secondly, a non food article must be a branded product, i.e., presold to customers through intensive advertising. Thirdly, it should be a low-priced article.

6) *Shopping centres (In suburban areas)*

Modern trend in retailing is towards increasing decentralisation A shopping centre is a group of commercial establishments planned, developed, owned and managed as a unit related in location size and type of shop to the trade area it serves and it provides also necessary amenities to the shoppers at one place. Planned shopping centre is an integrated retail unit. Shopping centre concept represents a natural evolution of urban expansion.

7) *Departmental store*

A departmental store is a uge retail shop situated at a central place in the city, divided into a number of small shops or departments each dealing with one or two lines of goods and specialising in those lines. All such departments or speciality shops are under one roof and under one management and control.

The departmental store is, therefore, a mere collection of shops all under the same palatial building, each shop dealing in a particular line of retail trade. This kind of shopping is often referred to as 'one-stop' shopping.

8) Multiple shops or Chain stores

A multiple shop system is a network of a number of branches situated at different localities in the city or in different parts of the country. All branches are under central ownership. Management and control. It is a compromise between large-scale and small-scale organisation; it tries to secure advantages of both and eliminate their disadvantages. For instance, management, purchases and control are centralised while sales are decentralised and carried on a small scale.

9) One price shop

The fixed or one price shop is a typical kind of retail organisation in which one identical price is fixed for a very large variety of articles of every day use. The articles are of low price. The margin of profit per article is very low but the profit on the total sale turnover is quite substantial. As the common price for all articles is purposely kept at a low level, these one price shops can serve as good instruments for mass-distribution. Such one price shops can be chained together and run in the form of chained one price shops. All units will be under one ownership, management and control.

e) Physical Distribution Management

Physical distribution consists of those marketing activities related to the physical handing of goods such as protective packaging order processing, inventor management transportation and warehousing.

Physical distribution is a marketing term to describe the broad range of activities concerned with efficient movement of finished products

form the end of production line to the consumer. In some cases it also includes the movement of raw materials from suppliers to the production plant.

Importance of physical distribution management

Planned and integrated management of physical distribution has assumed unique importance in marketing management since 1960, as it can offer a feasible solution striking an optimal balance between physical distribution costs (inputs) and the customer service level (output) that will be satisfactory to the customer and profitable to the seller. A customer gives top preference to reliable and punctual delivery of goods and expects minimum time interval between the date of placing and order and the date of receipt of goods.

1) *Ever-increasing costs*

The costs of transporting by all carriers, costs of warehousing, materials handing, inventories and order processing have risen substantially all over the world due to continues inflationery conditions. At the same time, customers have been inflationery higher, and thus costilier levels of physical distribution service.

2) *Broader scope of marketing*

Physical distribution system is now recognised as an integral part of marketion. Hence, the marketing concept must apply to the management of physical distribution. Physical distribution revolving around customer needs can add the utility or want-satisfying power viz., the availability of products at the right place and time at the lowest possible cost.

3) *The sales generating power*

Marketing management has realised that there is a definite connection between merchandising programme and physical distribution services (particaularly delivery service and order processing service).

Customers are often given more importance to physical distribution than to price and promotional service. Physical distribution is considered by customers second in importance to product quality as a reason for purchasing from a certain firm. Better physical distribution services give higher overall customer satisfaction.

4) Rising competitive demand

When some firms through physical distribution management got the benefits of lower costs and higher levels of customer service and thereby could reduce their operating expenses by 10 to 1 p.c., many otherby competing firms were also compelled to adopt scientific management of physical distribution services. Thus, many companies have now started giving more attention to the management of physical distributions in an integrated manner.

5) Management science

The development of management science or operations research has made possible the integration of physical distribution functions. Physical distribution problems have large number of variables which are readily measurable. Operations research techniques (statistical and mathematical techniques) can be easily applied to secure solution of physical distribution problem particularly in the location of warehouses in arriving at the optimum size of inventories; and in determining transport routes and methods. The computer and operations research are now at our disposal to evolve the most appropriate and viable physical distribution package which can achieve the physical distribution objective of getting the right goods tc the right place at the right time for the least total cost.

The components of physical distribution system

Physical distribution process involves co-ordination and integration of five managerial decisions : 1) Laying down procedure for order

processing, 2) Maintaining an inventory control system, 3) Choosing a warehousing system, 4) Determining a material handling system, and 5) Selecting a method of transport.

1) *Order processing*

Order processing is considered as the key to customer service and satisfaction. Order processing includes receiving, recording, filling and assembling of products for despatch. The amount of time required from the date of receipt of an order upto the date of despatch of goods must be reasonable and as short a possible.

2) *Inventory management*

Markeling management is directly interested in effective management and control or inventories as inventory management is a powerful tool in the process of creation and satisfaction of customer demand. Inventories are reservoirs of goods held in anticipation of sales. Inventories are kept to meet market demands promptly. Inventory is the link inter connecting the customer's orders and the company's production activity. In fact the entire physical distribution management rotates around the inventouy management.

3) *Warehousing system*

The word 'storage' means holding the stock of goods for a relatively longer period as the goods are not immediately in demand. Warehousing involves more than storage. Warehouses perform many of the usual functions of wholesalers e.g. breaking bulk, despatch of smaller consignments to retailers, holding the stock for retailers, regulating the goods flow to retailers, Providing market intelligence and mant other merchandising services of manufactures. A full service warehouse is called distribution centre.

Warehousing creates time utility and can stabilize prices over a certain period. It can regulate market supplies according to changing market demand timewise. We have privates warehouses owned

by the user. There are also public warehouses owned and operated by professional firms who sell storages space and perform many warehousing functions on reasonable commission or free.

4) *Packaging and material handling system*

In highly industrialised countries we have automated materia handling services and man handling has been practically eliminated. New concepts of packaging, containerisation and palletisation have constributed to cost reduction appreciably. Improved conveyor systems and forklift equipment has brought about almost total mechanisation in material handling.

5) *Transport system*

We have five means of transport at our disposal : 1) railway 2) road 3) water 4) airplanes and 5) pipelines. The choose of transport is governed by a few criterial such as speed, frequency of service, dependability, availability, safety, operational, flexibility and above all the element of cost.

Physical distribution management has assumed great importance as it alone can reduce the cost of transportstrength, amterial handling, order processing and holding of inventories. These are the basic building blocks of a planned physical distribution system. Marketers are giving special attention to physical distribution because it can assure a competive level of serving the demand while holding down the total cost of distribution as much as possible.

PROMOTION STRATEGY

A) Advertising

Promotion

Broadly speaking promotion means to push forward or to advance an idea in such a way as to gain its acceptance and approval. It is an activity to move forward a product, service or idea in the channel of distribution. The job of promotion in marketing is to make the people to know that the right product is available at the right place and at the right price. It is said that *"nothing happens untill somebody promotes something."*

Alderson have defined promotion as "any marketing efforts whose function is to inform or persuade actual or potential consumers about the merits of a (given) product or service for the purpose or introducing a consumer either to continue or to start purchasing the firms product or service at same (given) price."

Types of promotion

There are three types of promotion. A marketer has to choose the correct method of promotion, according to the product's position in the market.

Informative promotion

This type of promotion is needed when a marketer has distinctly new product for sale for instance colour television FST, electric rice boiler, microwave oven, electric cooker, etc.

Persuasive promotion

This type of promotion is used when a firm has a product that is very simialr to other products of competitiors. It is needed to persuade the consumer to buy their product which is better than the substitutes in the market.

Ex : Boost is substitute to Bournvita, Charminar Gold Filter is substitute for Gold Flake Filter.

Reminder for promotion

If the products are well established in the market and having better market share, this can be used to maintain the demand for the product.

Ex : HMT wrist watches.

Promotion mix

The various channels of promotional activities must be interrelated one. But it should not be an independent places. The combination of different forms of promotion used by a marketer is called as promotion mix. Promotion mix includes four ingredients viz 1) advertising, 2) publicity, 3) personal selling, and 4) all forms of sales promotion.

1) Advertising

It is defined as any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor. It is impersonal salemmanship for mass selling, a means of mass communication.

2) Publicity

Publicity is no paid for by the organisation Publicity comes from news reporters, and journalist people. These activities are not controllable by the firm. Every firm tries to create a good public relations so as to give good publicity.

3) *Personal selling*

It is the best means of oral and face to face communication and, presentation with the prospect for the purpose of marketing sales.

4) Sales promotion

It covers those marketing activities other than advertising, publicity and personal selling that stimulate consumer purchasing. They are displays, shows, exhibits, demonstrations. Sales promotion tries to complement the other means of promotion.

Objectives of promotion

Hasty and Will have put the objectives of promotion under three heads :

1) The demand objectives, the idea of which is to influence, stimulate maintain and create demand for a product.

2) The communication objectives, which aim at creating awareness providing information to the customer and the retailers about the features where products can be obtained, and what the products are capable of doing or achieving brand preferences.

3) The specific objectives or performance objectives which provide specific information about a product and which influence the decision of purchasing by the customer.

Promotion strategy

Promotion strategy consists of design of the four promotion elements (advertising, publicity, personal selling and sales promotion) and the development of a strategy to put this design into practice.

Strategy lays down the broad principles by which a company hopes to secure an advantage over competitors, attract buyers and lead to optimum utilisation of firm's resources. Most promotional strategies use various combination of different from of promotion. Usually a combina

tion of two or more promotional methods may be used; single method is rarely used.

For example, advertising may be supported by personal selling or display. Similarly, personal selling can be more effective if it is supported by some sort of advertisement.

Promotion strategy is generally influenced by a host of factors. They are :

i) Name of the product

Consumer products and industrial goods frequently require different strategies. Consumer goods having category of a convenience shopping or speciality item. Firm marketing convenience goods will normally rely heavily on manufacturer's advertising supported by dealer displays. Personal selling plays a minor role. But in the case of industrial goods of highly complex and technical nature requires great emphasis on personal selling. Beacuse it needs special demonstration or explanation.

ii) Nature of the mareket

Decisions on the promotion mix will be greatly influenced by the nature of the market. This influence is felt in at least three ways :

a) Geographic scope of the market

Personal selling may be adequate in a small local market, but as the market broadens geographically, greater stress must be placed on advertising.

b) Type of customer

The promotional strategy is influenced by the business is aiming its sales compaign at industrial users, household consumers or middlemen.

To illustrate, a promotional compaingn aimed at retailers will probably include more personal selling, and if the target is the household consumers, advertising is preferred through T.V., Radio etc., If the aim is industrial user mean, goods should be promoted through technical journals and through sales engineers.

iii) Funds available

The amount available in the hands of firm for promotion is the real determinant of strategy. The strategy vary considerably in the cost per message delivered. A business with more funds can make more effective use of advertising than an enterprise with limited financial resources. Small or financially weak firm may prefer personal selling or joint advertisement with retailers inadequate funds may even put a company to follow a promotional method which is not an efficient one.

iv) Life cycle of the product

a) Introductory stage

In this stage a business has to bring the knowledge about the product in the minds of the customers. The seller must stimulate primary demand by conducting trade fair or exhibitions and heavy emphasis must be placed on personal selling.

b) Growth stage

In this stage customers are aware of product benefits and goods are fast moving. The dealers want to handle the product and they are ready to share or bear the total promotion expenses. In this stage more emphasis is given on advertising.

c) Maturity stage

The product faces stiff competition from substitute products. Here advettising is used as a tool to persuade the customer instead of giving information. Though competition forces the concem to spend more funds to adverlising, leads the declining trend in profits.

d) Decline stage

In this stage the firms sales and profits are declining due to arrival of new and better products into the market. So all promotional efforts should be got back substantially, except when the concern wants to retain the product in the market.

v) Purchase frequency

Purchase frequency for a particular product also influences promotional strategy. When final buyer buy a product very often, the market through personal selling personal selling persuade the retailer to keep enough stock of the product and spend sizable amount to advertising.

A) ADVERTISING

Definition : Although advertising has been variously defined by different authors, the basic them has more less remained the same. One of the most representative and widely accepted definition has been given by the Definitions Committee of the American Marketing Association. According to it, advertising is "any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor."

Role of Advertising

Contributions

Advertising makes distinct contributions to the sales volume and profitability which attract many a marketing executives to assign it a relatively more important role in the overall marketing strategy Some of these contributions are as given below :

1) Stimulates demand :

Advertising as a communication medium informs consumers about the presence of a product in the market. The knowledge so gained about

the advertised product works in two ways. First, it arouses latent needs add second, it reinforces and strengthens the aroused needs.

2) Strengthens other components

Since other components of the communication-mix and marketing mix are also directed at seeking consumer's favourable disposition and purchase decision, advertising supplement these efforts by reaching a relatively larger audience and marketing it favourably predisposed to receive the company's messages and proposals Advertising considerely enhances the effectiveness of the other components of the marketing mix and thereby, contributes to the success of the overall marketing strategy.

3) Develops Brand preference

Consistent advertising coupled with other selling efforts, makes consumers to buy company's products. When these products succeed in delivering the desired or aimed value satisfaction, consumers develop a brand preference which gets reinforced by repetitive advertising. According to a research study henceforth referred to as Lambin's European Study, "advertising undoubtedly does influence consumer buying behaviour and does create a preference for the advertised brand."

4) Increases Sales Volume

By stimulating demand, supplementing other selling efforts, and creating a brand preference, advertising positively influences the growth of a company's sales volume. When a company adopt pull strategy', and, thereby, attempts to take the products out of the distribution channels, the turnover of products on the shelves of intermediaries increases. It motivates intermediaries to buy more from the company and be loyal to it on account of the trade-off arising from the company's in the growing sales volume of a company.

5) Cuts costs

Advertising may cut down both production and selling costs. When sales go up on account of advertising, there is a greater spread of overhead production cost as a result of which unit cost also goes down. Likewise, advertising reduces strain on both salesmen and intermediaries, makes them more effective and thereby cuts down their cost relative to sales volume. The unit cost can be lower with heavy advertising than without it.

6) Lowers prices

"Logic suggests that effective advertising, increased sales volume, and lower prices are not uncommon patterns." In competitive and mixed economies, when unit cost of a product goes down there are both internal and external environmental pressures which compel companies to lower their prices to the advantage of consumers.

7) Increases profits

However, from a company's standpoint, the major contribution of advertising is in maximising profits under a given set of constraints. The collective and cumulative effect of demand stimulation, brand preference and cost reduction is better price realisation on the products sold. Also,, the product differentiation created by advertising enables a company to maximise its profits on sales to those who value product distinctiveness.

8) Competitive weapon

Advertising, by itself and in association with other components of the marketing-mix, may prove for a company a weapon of considerable strength to counter the competitive manufactures of rival firms. On the defensive, it sustains the brand loyalty of consumers by reinforcing the favourable pre-disposition and reducing post-purchase dissonance. Whereas, on the offensive, it slackens the competitors hold over

consumers by appealing to their prepotent needs, driving motives and by generating post-purchase dissonance in respect of competitiors' products.

9) Enhances consumer satisfaction

Advertising enhance consumer satisfaction by delivering psychological utilities which accompany physical products. It works in two way: by informing consumers about product availability and shaping their expectation levels on the one hand and by reducing post-purchase dissonance and further rationalising their purchase decisions on the other. The pay-off of a higher consumer satisfaction level is tremendous for a comany and is invariably reflected in higher sales volume and higher profits.

10) Makes demarketing possible

Advertising is the prime instrument of a company's demarketing strategy. Its constribution is particularly relevant in a country like. India where demand for goods has to be regulated so as to check the adverse effects of the demand-supply dis equilibrium.

Constraints

Although advertising has considerable strengths as a medium of communication, it is, however, not without its share of limitations. Some of these limitations include the following :

1) No Individual adaptation

In advertising, it is not possible for a comany to tailor its messages to appeal to the requirements of an individual consumer or even a small group of consumers as is the case in personal selling. Advertising message is flashed at a large audience and, therefore, matching of message and individual self-image is seldom possible.

2) More wasted effort

Since advertising is directed towards large audiences, its message gets diffused. Even those segments of the market who do not quality to receive the advertising message from a company's standpoint also receive it. As a result, there is always a considerable possibility of wasted effort on account of such message diffusion. Besides, there is no way to ensure that those who qualify to receive the message in fact receive it. It may also be possible that they may skip all advertising.

3) No Regulation of consumer loss or interest

During the process of communication, it is possible that the target consumer may lose interest in advertisement. In such a situation, it is not possible to regenerate interest as is made possible in personal selling. The communication process, thus remains incomplete till the consumer happens to look at the advertisement again.

4) Expensive

To secure consistent consumer attention, advertising too has to be consistent. There, usually a large budget is required to maintain the desired level and consistency in the advertisement compaign which may not be within the reach of many companies with modest financial resources. Only big companies can afford large advertising outlays. Advertising, therefore is an expensive component of communication-mix.

5) Limited product differentiation

When advertising is used as a competitive weapon, so as to differentiate a company's products from the competitive brnads, beyond a certain point when price and quality differences cease, it simply does not work.

6) Subdued impact

Although there exists positive correlation between advertising and sales volume, its power is limited in influencing sales-particularly in the

short run. Lambin's European Study had revealed that a one per cent increase in advertising expenditure results in an average, short-term increase of only 0.1 per cent in sales or market share; in the long term the average increase is 0.25 per cent.

7) Difficult evaluation

Sales volume and profit are the indicators of advertising's contributions, but these are also the outcomes of other marketing inputs. Isolation of advertising's contribution is relatively difficult. Notwithstanding constraints, advertising has considerable strengths as a component of communication-mix and has great potential to service both the company and the consumer. However, much of its use and effectiveness depend to a large extent, on the effectiveness of the other compenents of the communication and marketing-mixes.

Conditions favouring advertising

Notwithstanding its considerable strengths, the relevance of advertising as a component of a company's communication-mix to a large extent depends on the favourable conditions. Some of these conditions under which advertising works well are described as under.

1) Favourable Primary Demand

When the primary demand for the generic product is rising, there are better prospects of advertising's effectiveness in stimulating elective demand for the company's products. It is so because it is much easier to move with the current.

2) Product Differentiation

Advertising works well when the product being advertised can be distinctly differentiated from the competing brands in terms of price, quality and other attributes which redners product identification by a consumer easy.

3) Hidden Qualities

When the product being advertised has some latent qualities and attributes which are of imporlance to consumers, then advertising works well because these may be higlighted and given full play in the advertising copy.

4) Emotional buying motives

When consumer's purchase decisions are strongly conditioned by powerful emotional motives then advertising works well because these motives may be influenced by appropriate appeals to seek consumer's favourable predisposition.

5) Resources

Advertising works well when the company has sufficiently large financial resources to support a substantial and consistent advertising programme. Insufficient and piecemeal budget allocation makes a waste of advertising."

6) Consumer surplus

When the sacrifice in terms of price seems smaller as, for example, in case of 'low price, low purchase frequency' products, as compared to the satisfactions atteched to the desired brands, there exists an excellent opportunity for advertising because factors their than price predominiate in consumers' purchase decisions.

7) Mass markets

Mass communication through advertising is best suited for reasons of speed and economy when mass markets are to be penetraled.

8) Market Responsiveness

When sales volume potenlial is large and the market is more responsive to advertising there exists greater opportunity for advertising.

9) Management-personnel and policies

Advertising thrives best when the sponsoring company is sound, particularly in respect of policies and personnel, because management is in a better position to understand and appreciate the working of the advertising process and its nature.

B) Sales promotion and publicity

Sales promotion

Sales promotion has been defined as those marketing activities, other than personal selling, advertising and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine.

Features of sales promotion

Objectives

The objectives of sales promotion takes over at a point and makes purchaser to take favourable purchase, decision by providing one or the other kind of inducement.

Management perspectives

The management perspective in the case of sales promotion is relatively short term.

For instance, arrest of declining sales or facilitating new product accpetance.

Media

Sales promotion media includes consumer contests premiums prizes, product sampling dealer schemes etc.

Timing

Sales promotion is more pronounced in the course of selling produt, because it serves as an import and adjunct to selling.

Frequency

Sales promotion is not more frequent and repetitive like advertising. It is usually undertaken when a specific sales/market objective is to be achieved.

Publicity

Publicity is still another medium of communication through which a company appraises its target consumers of the product/ideas. It has been defined as "non-personal stimulation of demand for a product, service, or business unit by planning commercially significant news about it in a published medium or obtaining favourable presentation of it on radio, television or stage that is not paid for by the sponsor."

In strict business parlance, publicity does not form a part of communication mix because it is not paid for, its appearance is not always certain, and its presentation is not programmed.

Nevertheless, publicity as a medium of communication is often used by companies on account of its effectiveness in transmitting the desired message generating sales and achieving other objectives.

PERSONAL SELLING AND MANAGING SALES FORCE

Personal selling

In personal selling, company's sales persons often referred to as salesman/sales representatives who are on its payroll, communicate with the target consumers/customers so as to make an offer of sale, motivate them to positively respond to it and finally clinch the deal. It has been defined as an "oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales."

Strengths of personal selling

The task of interpreting product features is done by advertising also. But unlike, advertising, personal selling is present in all the three phases of buying, namely pre-transactional and post-transactional. Advertising and sales promotion are commonly used to cultivate market during the pre-transactional phase and to reduce post-purchase dissonance in the post-transactional phase. Personal selling on the other hand, is present in all the three phases. Being a two-way form of communication, it cultivates the market, negotiates the transaction and reduces post-purchase dissonance. However, it is the negotiation of transaction that distinguishes it from advertising and makes personal selling an effective medium of selling. Besides, there are other strengths of personal selling also. Some of these include the following :

1. Personal selling is more flexible and adaptable to the varying purchase situations. It is possible for a salesman to adapt himself to the needs, motives, impluses and other behavioural traits of the prospective consumers so as to communicate the message and clinch the deal.

2. In personal selling, the possibility of wasted effort is minimal because, unlike advertising, the whole effort is focussed on a qualified diffusion and distortion. In communication, diffusion arises when there is a 'noise' owing to a plethora of messages being transmitted or flashed at consumers. The salesman is better placed to focus his message on qualified consumers only and undo distortions by suitably maneovering the message.

3. It is possible for a salesman to detect loss of consumer attention and interest and regenerate them by frequent repetitions and reinforcements.

4. In personal selling, it is possible for the salesman to carry the qualified target consumer through a logical and persuasive reasoning process so as to consummate sale.

5. A relatively durable relationship may be developed between salesman and consumer(s) which makes future sale expansion much effective. "The salesman can help his firm achieve the objective of perpetuity or hiring for ever, by establising a lasting, mutually profitable relationship with his customers."

6. The salesman acts as marketing researcher also. He gathers and promptely transmits relevant market information which often helps the company in making timely strategic and tactical adjustments. Because of these and other similar reasons, Levitt has aptly remarked that "selling is as basic to our society as metabolism is to life" and further adds that it is the salesman because of whom "the wheels of industry are made to hum, income is generated, standards of living are raised and in the process even leisure time is generated". Limitations of personal selling :

However, personal selling is not without its share of limitations. Some of these include the following :

1) Personal selling is very expensive because the cost of retaining a salesman is not only high but also fixed and has to be burne by a company Irrespective of the consummation of sale. Besides the cost of maintaining a salesman and the output generated by him are not always commensurate.

2) It is difficult to recruit the right kind of salesmen who have the potential and ability to sell and be loyal to the company.

3) Consumer loyalty built up around a good salesman is usually lost with his retirement or exit.

Conditions favouring personal selling

In certain marketing situations personal selling provides ready and effective answers to many selling problems Following are some of those situations when personal selling in a company becomes more relevant.

1. Market situation

Personal selling is relatively more economical and effective when.

a) a company sells in a small local market or in a governement market.

b) although the market is wide consumers are concentrated in small geographical areas

c) an indirect channel of distribution is used necessitating selling to merchant middle only, and

d) desired agent-middlemen are not available.

2. *Product situation*

Personal selling is relatively more economical and effective when

a) Product is in the introductory stage of its cycle necessitating creation of core demand.

b) product is of a high unit value.

c) product requires demonstration.

d) product needs personal attention to match specific consumer needs, e.g., insurance policy.

e) product requires after-sale servicing, and

f) product has no brand or very poor brand loyalty.

3. *Consumer bebaviour*

Personal selling is more effective when

a) consumer purchasing involves a d liberative process, i.e., it is not impulsive.

b) consumer needs instant answers to his questions.

c) consumer requires persuasion and follow up in the face of competitive pressures, and

d) purchases are infrequent but valuable

4) *Company situation*

Personal selling is relatively more economical and effective when.

a) a company cannot afford a consistent and large advertising outlay, and

b) the company is unable to identify and use suitable non-personal communication media.

While using personal selling, the question of economy has to be thought of in terms of matching of cost of personal selling and the sales revenue generated relative to other components of the communication-mix. Likewise, the question of effectiveness has to be similary thought of in terms of growth of sales revenue, building up of consumer loyalty and containment of competition.

Managing sales force

In a company, persons engaged in the personal selling operation are called salesmen or sales force. The different aspects of their management include formulation of objectives determining size. of the sales force, recruitment and selection of its members and their training, job assignment, compensation, motivation, and coordination and control.

Objective formulation

The task of objective formulation is two-fold, namely, formulation of sales and selling objectives. Sales objectives refer to those goals which the entire sales organisation of a company strives to achieve Selling objectives, on the other hand refer to those goals which the sales force is expected to achieve Sales objectives usually incorporate goals in terms of sales volume, market share, sales profitability, expenses, etc., while selling objectives usually refer to goals in terms of calls per day, order size, order-call ratio, new business per day, etc., besides sales goals as laid down above.

Size of sales force

The size of the sales force refers to the number of salesmen in an organisation. Some of the important determinents of the sales force size include the number of customers, market potential, market share desired, quality of salesmen, and call frequency needed. In determining the optimum size of the sales force, past company experience, industry practice, and managerial judgement play significant role. Besides, some of the important models such as the marginal model, sales-effort model and work load model, also considerably assist management in determining the optimum size of the sales force.

Recruitment and selection

Recruitment and selection of salesmen is an exercise in inducing qualified and appropriate personal to get interested in and apply for the selling job and matching of the job description and man specification. Job description is a statement defining the nature and content of the job and specifies duties and responsibilities of salesmen. Man-specification is a statement specifying the kind of persons required for the job. The whole success of the selling operation largely depends on the quality of recruitment and selection process which can ensure the entry of the desired type of salesman in the company's selling team. Therefore, while selecting salesmen, management usually looks for certain qualities in the applicants making them acceptable as salesmen. These broadly include, energy, self-confidance, craving for money, industry, and inclination to face challenges. The process of selection often consists of an application blank, tests, interviews and selection.

Training

Having selected the salesmen, they are trained by the company so as to impart them an understanding about the company, its products,

is markets, and skill in selling techniques. It is intended to ensure minimum salesmen tumover, improved customer relations, reduced selling expenses, controlled selling behaviour, and improved sales performance. For training Its salesman, a company may out for group and/or individual training method. Group training method Involves training in group(s) and usually consists of lectures, discussion, role playing and sensitivity training programmes. Individual training method, on the other hand, involves personallsed training to each individual saiesman and may consist of on-the-job and programmed instructions. When training through any method is over, it is always worthwhile to seek an evaluation of the training programme on a comment sheel from trainee-salesmen so as to assess its usefulness.

Assigning sales territories

After being trained, salesmen are assigned to different sales territories to sell products and attain other seiling objectives. It is called job assignment. The sales territories may be assigned to salesmen on the basis of their ability, sales effort needed, sales potential of the territorics and effectiveness of salesmen. It general, the guiding principle in territory assignment should be: salesmen should be assigned to that territory where his relative contribution to profit will be maximum.

Compensation

Compensating salesmen for their services is also an important managerialtask. Through a compensation plan management of a company co-relates efforts. results and rewards to salesmen. controls them and bullds. develops and stabi - lises the sales force so as to ensure satisfied consumers. However, a compen sation plan to be effective should be simple, fair, flexible, economical and should ensure a living wage and attainment of the sales objectives. in order to develop an appropriate compensation plan, management has to formulate the job descrip-

tion, evaluate the job determine the industry structure and compensation level and components, identify special company needs, decide methods of compensation in a company depends install the plan. The level of compensation in a company depends on the quality of their salesmen, level of advertising, intensity of company compensation may be composed of fixed salary, variable commission or bonus reimbursement of expenses, and other fringe commission or a combination of salary and commission Besides, salesmen may also be rewarded by provision of different incentives such as bonus and profit sharing.

Motivation

Studies and experience have show that besides compensation salesmen also need motivation to vibrate. Motivation is a stimulus to achieve goals set by the management. It is needed both on account of the hierarchy of needs and their prepotencies and the very nature of a salesman's job which is very demanding and montontonous. For motivating salesmen different methods may be contests, recognition and honour, autonomy, and availability of promotion opportunities. For making full use of these methods, management may adopt the segmentation approach.

Co-ordination

For an effective management of the sales force, it is also necessary for a company to properly coordinate and control its operations. Coordination amongst the activities of the salesmen interest and between salesmen and headquarter personnel is necessary to impart maximum impact on market, to prevent conflicts, and to correct operational distortions. It may be achieved through oral or written communication in the form of personal supervision meeting conventions, conferences, reports, and correspondence.

Control

Contiui means appraisal of salesmen's performance so as to determine the compliance of policies and achievement of laid out targets For this purpose management sets performance standards, monitors and records actual performance, measures and evaluates performance, and triggers the corrective action. The performance standards may be quantitative and/or quantitative. The quantitative standards refer to sales volume, gross profit, sales profitability, sales-expense ratio, market share, average order size, calls per day, call frequency ratio, order-call ratio, and average cost per call, etc. The qualitative standards may refer to some qualitative be non marks obtained from reports and merit-rates. All these relevant date may be obtained from company recoros, reports, supervision, and customer freeback. However, success of the control system largely depends on the care exercised in setting standards, simplicity of the appraisal system. Its segragation from promotion issue, and salesmen's participation in the appraisal process.

P. G. DIPLOMA IN MARKETING MANAGEMENT

Paper- I

Principles of marketing

Time : 3 Hours *Maximum : 100 Marks*

Answer any Five Questions.

All Questions carry equal Marks.

1) If Managers do a good job of planning and control, they will be properly accomplishing the managing of the marketing effort and step in the marketing process. Comment.

2) You are the marketing executive of marketing for consumer products. Given the changes taking place in the demographic, economic and cultural environments, what plans would you make to ensure the company's success?

3) Describe the alternative philosophies to study the marketing activities. Which philosophy is relevant from the managerial stand point?

4) "Retailing is typically small-scale business." - Comment.

5) "As a medium of communication personal selling is best suited to a company marketing consumer products with poor brand loyalty and selling in a regional market." Discuss this statement and describe the conditions favouring personal selling in a company.

6) In which of the following cases, as a Manager of marketing you should adopt the strategy of family branding?

a) A manufacturer of men(s) electric razors introduces a model for woman.

b) A producer of mattresses introduces a line of electric blankets.

c) A manufacturer of footwear introduces T. Shirts.

7) Define Marketing Research, Explain any two methods of collecting data from primary sources.

8) What do you mean by pricing? Describe price setting and its strategies.

9) What are the ingredients of promotion mix? What are the factors influence the promotional strategy?

10) Write Short-notes

a) Dichotomous questionnaire.

b) Determination of channel length.

c) Downward stretch.

d) Degree of segmentation.

P. G. DIPLOMA IN MARKETING MANAGEMENT

Principles of Marketing

Time : 3 Hours *Maximum : 100 Marks*

Answer any Five Questions.

Each Questions carries 20 marks.

1) What is marketing management? Explain the philosophies of marketing management.

2) As a marketing manager how will you apply marketing concept in non-profit organisation?

3) Define advertising. What are the contributions and constraints of advertising?

4) What is sales force management? Comment on recruitement and selection, Training, compensation of salesman.

5) Evaluate the need and characteristics of a successful marketing information system.

6) 'Marketing management' evolves its marketing mix in relation to its external environment Elucidate.

7) Why do product ideas need to be screened and analysed from the business point of view? Suppose you have been presented with some product ideas what process you would appear to screen and analyse them? Explain.

8) What type of intermediaries are available to a manufacturing company? Describe the factors determining the choice of an intermediary.

9) To increase the turnover of a firm, what are the pricing strategies you may follow? Explain.

10) Write short notes.

a) Market segmentation

b) Model bank

c) Marginal cost-pricing

d) Non-controlled observation

P. G. DIPLOMA MARKETING MANAGEMENT

Paper-1

Time : 3 Hours *Maximum : 100 Marks*

1) What factors would you take into consideration while designing a questionnaire?

2) Select a non-profit organization with which you are familiar. Which orientation seems to guide its interchanges with its product, promotion, price, and place?

3) Critically examine various methods employed in collecting and storing market information.

4) In planning and developing new products, as a marketing manager of a firm how can you make sure to avoid failures of new products in the market?

5) "As a component of the communication mix, advertising has considerable strengths. But it is not without its share of limitations." Discuss this statement.

6) Discuss the factors which motivate industrial users to purchase industrial goods.

7) As a marketing manager how can you forecast demand for a industrial product? Explain the techniques used in forecasting process.

8) Describe the different aspects of managing sales force.

9) Who are wholesalers? "Wholesalers offer, typical services as middlemen between producers and retailers" - Examine.

10) Write short notes.

a) Telephone interview

b) Test marketing

c) Transport system

d) Terminal markets.

P. G. DIPLOMA IN MARKETING MANAGEMENT

Questions to be answered

(Questions are based on Lessons 1 to 3)

Time : 2 Hours *Max : 100 Marks*

Answer all questions

1) What is marketing management? What are the functions of Marketing management?

2) As a manager to a bank how can you apply marketing in banking industry?

3) Describe the alternative philosophies study the marketing activities. Which philosophy is relevant from the managerial stand point.

4) "I belive only in personal, face to face interviews when I'm trying to get information." In what circumstances does this statement make sense? What objections might be raised against it?

P. G. DIPLOMA IN MARKETING MANAGEMENT

Pinciples of management

Questions to be answered

(Questions are based on Lessons 4 to 6)

Time : 2 Hours *Max : 100 Marks*

Answer ALL questions

1) **Marketing management evolves it marketing mix in relation to its external environment. Elucidate**

2) **What is a marketing information system? Describe its basic structure.**

3) **As a marketing manager how can you forecast demand for a consumer product? Explain the techniques used in forecasting process.**

P. G. DIPLOMA IN MARKETING MANAGEMENT

Principles of Marketing

Questions to be answered

(Questions are based on Lessons 7 to 9)

Time : 2 Hours *Max : 100 Marks*

Answer ALL questions.

1) What are the six recommended steps for a product development system? Briefly describe each step, its relationship to the other steps, and its importance to overall success in product development.

2) Critically evaluate the role of branding in the marketing of products.

3) The manufacturer of what types of products are most likely to use "seasonal discounts" why?

4) Defined and discuss the following terms :

a) Product mix b) Product lines

c) Product depth and breadth.

P. G. DIPLOMA IN MARKETING MANAGEMENT

Principles of Marketing

(Questions are based on Lessons 10 to 12)

Time : 2 Hours *Max : 100 Marks*

Answer ALL questions.

1) How would you respond to a marketing manager who said "Don't bother me about sales promotion; it's just like advertising-it's impersonal selling?

2) What are the pre-equisties of retail trade? Comment on the main division of retail trade.

3) How physical distribution can contribute the creation of time, place, and possession utilities?

4) Define sales force management, Comment on selection, training, motivation of sales force.